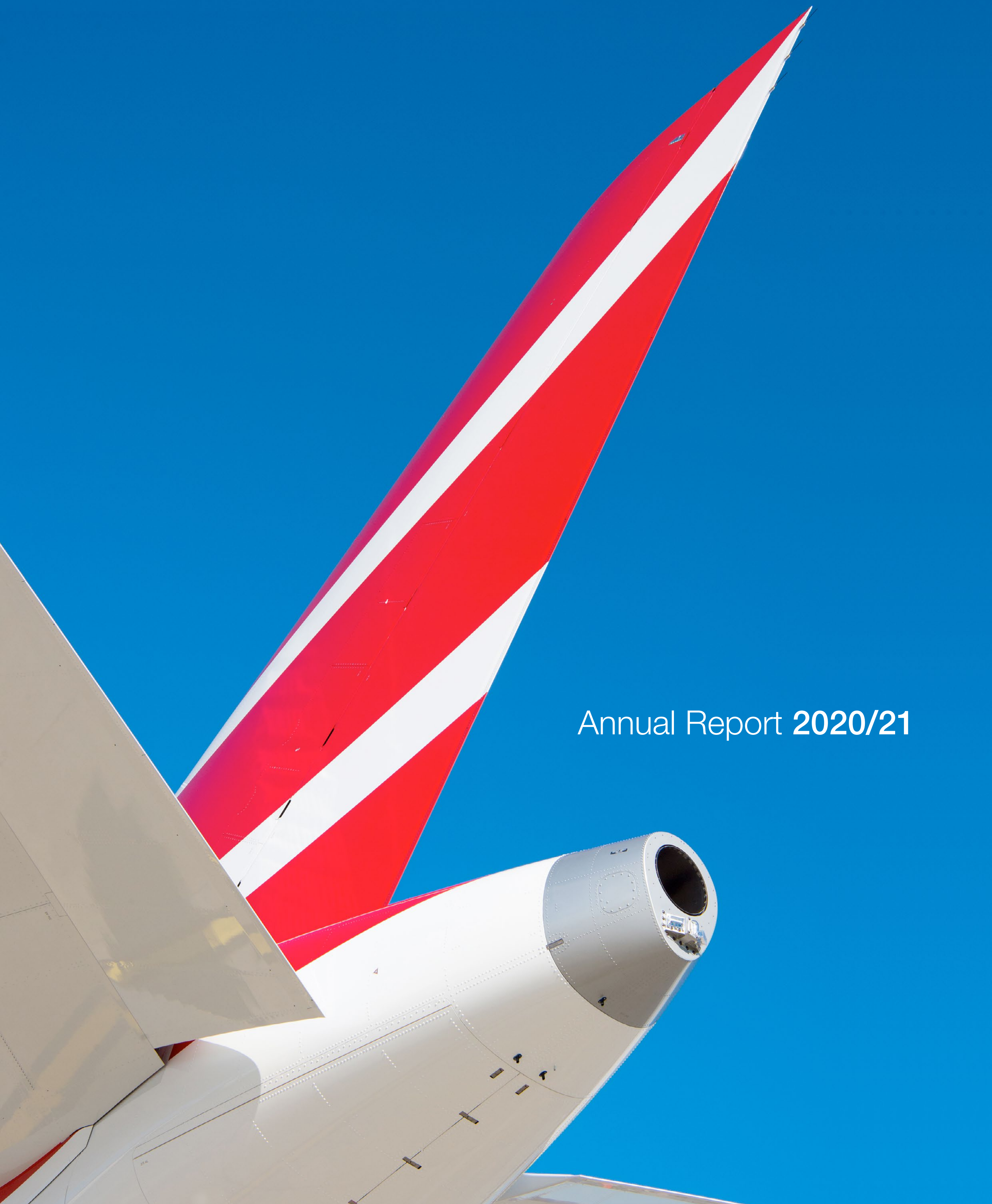
AIR MAURITIUS



Annual Report **2020/21**

AIR MAURITIUS LIMITED
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AIR MAURITIUS LIMITED

DIRECTORS REPORT
FOR THE YEAR ENDED MARCH 31, 2021

Principal activity

The main activities of the Group are the operation of international and domestic scheduled services for the carriage of passengers, freight, mail and the provision of ancillary services for aviation. The domestic network comprises solely of operations to Rodrigues using turbo prop ATR72 aircraft.

Results and dividends

The Group reported a loss of Eur 67.9M for the year ended March 31, 2021 compared to a loss of Eur 237.0M in the previous year. The Company posted a loss of Eur 66.8M for the year as compared to a loss of Eur 249.4M for the previous year. Impairment losses on aircraft amounting to Eur 9.1M (2020: EUR 160.7M) are included in the results for the year ended March 31, 2021.

The Company, along with the rest of the global airline industry had to cope with significant decline in revenue and cash flows as a result of the Covid-19 pandemic and the travel restriction imposed in nearly all the countries of the world, including in Mauritius. Our operations were restricted to the carriage of essential medical supplies, equipment and other necessities, repatriation flights to bring back home our stranded fellow citizens, carriage of cargo and a limited number of domestic flights.

The revenue generated were only Eur 57.8M as compared to Eur 502.1M for previous year. Number of passenger carried dropped from 1,754,600 to only 135,600 and cargo tonnage uplifted reduced from 40,622 tons to 10,532 tons.

In view of the deterioration of the financial situation of the Company as a result of reduced operations on account of Covid-19 restrictions, and that it was expected the Company would not be able to meet its financial obligations, the Board, on 22 April 2020, placed the Company under voluntary administration in order to safeguard the interest of the Company and that of its stakeholders. As at the end of the financial year i.e 31 March 2021, the Company was still under voluntary administration.
With the Administrators in place, the Company embarked into a series of initiatives in order to safeguard the interest of the Company and initiate a wide range of reforms to consolidate the base for sustainable operations.

No dividend were declared during the year under review.

Outlook

Since the reporting date, our aircraft operations have significantly improved following the gradual re-opening of borders and lifting of travel restrictions. Tourists' arrivals have substantially picked up and are now not far from pre-covid levels.

With increased number of passengers being carried by Air Mauritius, and the corresponding cash being generated by the business, the prospects of the Company are promising with the Company already achieving positive EBITDA in peak months of the business cycle. Over the next few months as load factor and yields continue to improve, a substantial part of previously recorded impairment on the current fleet of aircraft of Eur 81m, will reverse. This will further contribute positively to future results.

Directors

There was no Director in office as from 22 April 2020 when the Company entered into voluntary administration and the day-to-day business were then placed under the responsibility of the administrators. The Board of Directors was reconstituted post exit of voluntary administration on 1 October 2021. Therefore, there were no Contract of significance, Directors' service contracts and Directors' remuneration and benefits for the current financial year.

AIR MAURITIUS LIMITED

DIRECTORS REPORT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2021

Donations

There was no donation made during the current financial year.

Statement of Directors' responsibilities in respect of the consolidated and separate financial statements

The Directors of Air Mauritius Limited are responsible for the integrity of the audited consolidated and separate financial statements of the Group and the Company and the objectivity of the other information presented in these consolidated and separate financial statements.

The Board confirms that, in preparing the audited consolidated and separate financial statements, it has:

(i) selected suitable accounting policies and applied them consistently;

(ii) made judgements and estimates that are reasonable and prudent;

(iii) stated whether the consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act;

(iv) kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company,

(v) safeguarded the assets of the Group and the Company by maintaining internal accounting and administrative control systems and procedures; and

(vi) taken reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Directors have made an assessment of the Group's and the Company's ability to continue as going concerns taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but not limited to, twelve months from date of authorisation of these consolidated and separate financial statements. The assessment is disclosed in note 4.3 Judgements (i).

Auditors' remuneration

Fees – Eur'000	The Group		The Company	
	2021	2020	2021	2020
Audit	**234**	267	**216**	249
Non-Audit	**9**	9	**6**	6

Marday Venketasamy G.O.S.K., C.S.K.
Chairman
19 December 2022

James Harold Mayer
Director
19 December 2022

AIR MAURITIUS LIMITED

SUSTAINABILITY REPORT
FOR THE YEAR ENDED MARCH 31, 2021

Introduction:

Looking beyond corporate social responsibility, Air Mauritius Limited (Air Mauritius) commitment to sustainable development aims at creating Shared Value for the community as it furthers its business objectives. Since inception, the development of the airline has been based on its core values and commitment to the role it believes it should play as a national airline. It has therefore strived to balance its economic activity with the social and environmental upliftment of the community in which it operates.

- **Reducing carbon emission**

  Carbon emission is an unavoidable by-product of modern industrial and economic activity. Due to fuel burn during aircraft operations, the global airline industry is responsible for 2% of total carbon emissions. Airlines around the world have reacted collectively and committed to a program initiated by the International Civil Aviation Organisation (ICAO) and International Air Transport Association (IATA) to control carbon emissions that led to ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) program.

- **New fuel-efficient aircraft**

  The fleet modernisation program started in 2017, has led to the delivery of four Airbus A350-900 XWB and two Airbus A330-900neo as follow:

  Airbus A350-900

  - 3B-NBP (MSN 145) delivered on 18 October 2017
  - 3B-NBQ (MSN 157) delivered on 23 November 2017
  - 3B-NCE (MSN 354) introduced in the fleet on 26 August 2020
  - 3B-NCF (MSN 365) introduced in the fleet on 26 August 2020

  Airbus A330-900neo
  - 3B-NBU (MSN 1884) delivered on 17 April 2019
  - 3B-NBV (MSN 1890) delivered on 19 June 2019

  These new generation aircraft being up to 25% more fuel efficient than previous generation aircraft, contribute significantly to the reduction of the airline's carbon footprint.

- **Weight Reduction Onboard**

  Initiatives have been implemented to reduce the aircraft payload. These measures include lighter equipment, elimination of non-essential uplifts and a paperless environment among others. They contribute to a weight reduction of more than 2200 tons in a typical year representing more than 500 tons less fuel burnt.

- **Introduction of Electric Tractors**

  Air Mauritius started the renewal of its fleet of tractors for Ground Operations at SSR International Airport. 14 electric tractors have been introduced as at financial year 2020.

  As at date the numbers remain unchanged.

- **Digital Publications Onboard**

  Air Mauritius passengers can access their reading material in digital formats accessible on their mobile devices. With this initiative, 53 tons of magazines and newspapers have been removed on flights, leading to a reduction of fuel burnt of 15 tons of fuel for a typical year.

- **Air Mauritius Environmental initiatives campaign on Social Media**

  The airline industry generates 2% of global carbon emission and an average of 5.5 million tons of waste annually. Air Mauritius is committed to CORSIA and is constantly looking for new ways to improve its sustainability efforts and its aim is to fly greener with the introduction of environment friendly initiatives.

- **Air Mauritius Environment Friendly Initiatives**

  'One Take-off, One Tree' in collaboration with the Mauritian Wildlife Foundation
  As at date, less than 2% of endemic forest exist in Mauritius.

  Air Mauritius, the national carrier of the Republic of Mauritius is committed in the offsetting of its carbon footprint through reforestation under the 'One Take-off, One Tree' programme, launched more than a decade ago in collaboration with the Mauritian Wildlife Foundation, allowing us to plant an endemic or a native tree for every take-off we make. So far, more than 75000 trees have been planted under the 'One Take-off, One Tree' programme. The renewed agreement between Air Mauritius and the Mauritian Wildlife Foundation will contribute furthermore to the improvement of the natural habitat of our native and endemic birds, bats, reptiles and invertebrates.

  <u>Repatriation of endemic birds from New Jersey (United Kingdom)</u>

  Air Mauritius in collaboration with the Ministry of Agro-industry, National Parks Conservation Services and Mauritian Wildlife Foundation (MWF), repatriated 3 male Pink Pigeons, Nesoenas mayeri, from New Jersey to Mauritius after 40 years. More Pink Pigeons are to be repatriated in due course.

  <u>Repatriation of endemic plants from Brest (France)</u>

  Air Mauritius participated in the repatriation after 40 years of Cylindrocline Lorencei and Pilea SPP endemic plants to Mauritius and Rodrigues respectively.

- **Conservation of Wetland (Ramsar Site)**

  Air Mauritius has also collaborated in the plantation of Mangroves at Ramsar Site at Pointe d'Esny with the Ministry of Agriculture.

RISK FACTORS

Air Mauritius Limited faces a number of risk factors that are managed on a daily, weekly and monthly basis by Management under the guidance of the Board. The airline industry operates in a highly regulated and commercially competitive and complex environment. This exposes MK to a number of risks

Principal risks and Uncertainties

A. Market Competition Risks

The markets in which the MK operates are highly competitive. It faces competition from other airlines on its network as well as from indirect flights and charter services and from other modes of transport. Following the opening of borders after Covid-19 pandemic, though there has been a surge in travel, various airlines have been cautious in restarting their full operations to Mauritius initially. After July 2022 and up to November 2022, there have requests for additional frequencies from Emirates and Turkish Airlines for Mauritius to meet its targeted number of tourist arrivals which have been granted up to 30 June 2023. If these frequencies are maintained over longer periods, this will in turn result in increased downward pressure on yields.

Management has responded to this risk by the use of fuel efficient fleet of A350 and A330-Neos with the objective of repositioning MK and providing sufficient frequencies over main routes such as Paris, London, Mumbai and Johannesburg and will be responding to competitors' fares to maintain and grow both passenger and cargo traffic.

B. Financial Risks

Air Mauritius is exposed to financial risks relating to fluctuations in exchange rate, jet fuel price and interest rate movement, as well as credit and liquidity risks. The objective of the financial risk management at Air Mauritius is to minimise the negative impact of these market fluctuations on the Company's earnings, cash flows and equity as follows:

- Foreign Exchange Risk

Cash flow FX currency risk

MK is exposed to currency risk on revenue, purchases and borrowings in foreign currencies along with currency devaluation of cash held in currencies other than Euro, the functional and reporting currency. The currency pair MK is most exposed to, is the Eur/Usd as revenue stream of MK is to a large extent in Euro and MK pays a significant proportion of its expenses in Usd.

Subject to exchange controls exchange controls, where applicable, currency risk is hedged through matching inflows and outflows and managing the surplus or shortfall through foreign exchange derivatives.

Balance sheet translation

Monetary assets and liabilities are recorded at source currency. At each reporting date, these are retranslated into EUR, the reporting currency. Currency fluctuations will impact the fair value of the balance sheet in Euro and therefore impact the reported profitability.

RISK FACTORS (CONT'D)

B. Financial Risks (Cont'd)

Balance sheet translation (Cont'd)

Such currency risk is mitigated by matching assets and liabilities of the same currency e.g. Euro denominated asset financing. However, as per industry practice, MK does not carry out balance sheet hedging (fair value hedging).

- Jet Fuel Price Risk

Jet fuel is a major variable cost component for Air Mauritius, accounting for over 30-40% % of total operating costs. Volatility in the price of jet fuel can have a material impact on the Company's operating results.

The risk associated to fluctuations in the price of jet fuel was previously managed by various hedging techniques. As at date after voluntary administration, Air Mauritius is building back its credentials with counterparties and has restarted to do hedging on a minor scale as from October 2022. This price risk is partially hedged through the purchase of oil derivatives in forward markets with the principal objective to increase the predictability of cash flows and profitability.

- Counterparty Credit Risk

The Risk Management Manual requires that the Company deals with only approved financial institutions. Overall exposure to each approved financial institution, including local Mauritian banks, is well defined.

The Company has in place wherever possible ISDA (International Swap Derivatives Association) agreements with institutions with whom it carries out hedging activities. These aforementioned measures ensure that credit risks are minimized.

- Interest Rate Risk

Air Mauritius earnings are also affected by changes in interest rates due to the impact of such changes on interest income and expenses from short term deposits and other interest bearing financial assets and liabilities.

Air Mauritius mitigates this risk by having a loan portfolio both short and long term which carries both fixed and floating rates.

- Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding.

The Company mitigates this risk by careful cash flow planning and regular review of the facilities it has in place with its banking partners

Air Mauritius has also received a letter of support from its main shareholder, Airport Holdings Ltd.

RISK FACTORS (CONT'D)

C. Business Model Risks

The Company had recognized the importance of revamping its business model and had remained focused and implemented measures that were crucial to ensure recovery and thereafter long term sustainability of the airline. The Company embarked on a major fleet modernization program, which it is currently implementing in a prudent and phased approach.

Meanwhile, the airline's network is being reinforced with increase in frequencies on routes that are economically viable and with introduction of operations to and from new destinations.

The combined investments in aircraft, products and routes will reinforce Air Mauritius' positioning among the top carriers in the region. While this program weighs heavily on the Company's finances, it is a precondition to its sustainability.

D. Network and Alliances Risks

MK operates a number of aircraft based on a certain number of economic assumptions. When economic cycles change, it become challenging for MK to readjust the fleet size accordingly.

MK has to adjust capacity and frequencies, add new ports of calls whenever market potential dictates so, and suspends flights to destinations which are no longer cost effective. With its strategic partnerships, MK ensures constant scanning of the environment, implementation of up-to-date systems, high level of mutual understanding and nurtured relationships with major joint venture / code share partners and alignment of product and services to optimise connectivity for a seamless journey for its passengers.

E. Fraud Risks

Air Mauritius mitigates this risk by having a proper and efficient system of internal controls across MK which is subject to regular internal and external audits. The Internal Audit Department reports risk issues and departures from established procedures directly to the Audit Committee together with the actions taken to remedy the weaknesses and to further improve on the existing internal controls.

MK has a detailed Fraud Prevention Policy which outlines procedures for prevention, detection and investigation of suspected frauds and irregularities.

F. Major Events

An air accident may cause major disruptions to the operations.

The Company ensures that its Emergency Procedures manual is regularly reviewed and updated with the support of its consultants.

RISK FACTORS (CONT'D)

G. Safety and Security

The safety and security of customers and employees are fundamental for the Company. Failure to prevent or respond effectively to a major safety or security incident may also adversely impact operations and financial performance.

The Company satisfies itself that it has appropriate safety resources and procedures including a Crisis Management Centre. Regular training and drills are carried out for a continued state of preparedness of its officers and staffs.

H. Reputational Risks

The Company faces reputational risk and consequently loss of public confidence when it is confronted with a negative perception. It recognizes reputation as an ongoing risk that can adversely or beneficially impact the organization's image and that the very survival of its business depends on continued credibility and trust.

It therefore maintains a constant dialogue and communication to improve its image with all stakeholders, while putting their trust and confidence at the centre of all its undertakings.

I. Legal and Regulatory Risks

The Company's business may be harmed if it fails to comply with the applicable legislations and regulations or governance standards or changes in interpretation of laws and regulations. It also has to manage the risk of loss that may be caused by an unfortunate transaction, a claim resulting in liability for the Company or a failure to adequately protect assets of the Company.

The Company actively monitors these risks through its Legal Section which ensures that all contracts are properly vetted and that legal risks pertaining to these agreements are properly understood, identified, measured and integrated into strategic decisions.

The effect of any potential changes to any applicable law or regulations, whether before or after completion of the transaction, cannot be predicted. This could potentially cause actual results to differ materially from those expressed or implied in this document.

J. Information System Risk

MK is highly dependent on IT systems for most of its principal business processes. The failure of a key system may cause significant disruption to operations and result in the loss of revenue.

System controls, disaster recovery and business continuity arrangements to mitigate the risk of a critical system failure have been put in place by MK and are constantly monitored.

RISK FACTORS (CONT'D)

K. Human Resource Risk

The Company has a large unionized workforce.

Collective bargaining and effective communication take place on a regular basis between Management and the Unions as the Company recognizes that a breakdown in the bargaining process and communications may disrupt operations and adversely affect business performance.

L. Insurance Risk

In order to protect itself against any liability falling outside the scope of coverage or against any inadequate coverage, MK reviews its insurance policies on a yearly basis with the assistance of experts in the insurance field.

MK contracts out basic and fundamental insurance protection akin to the airline industry which is intended to provide adequate security to MK in its coverage of "All Risks, War and Terrorism" protection for loss or damage to aircraft, engines and spare parts, passenger and third party liability, property damage, cargo and baggage liability and employee liability among others.

M. Stock market risk

In addition to the above risks, the share price is also dependent upon the stock market conditions. Consequently, the value of the shares quoted on the SEM may be subject to volatility.

Part 2 – Enterprise Risk Management :

Air Mauritius has a reasonably mature formalized Risk Management Framework helping the company identify, evaluate and control business risks.

1. Key elements of this Framework:

   a. Involvement of Internal Teams and Line Management to build up and update on a regular basis the risk portfolio with the generation of a risk register:

      i. Through yearly on-site cross functional workshops and ongoing assessment of risks by the Risk Owner

      ii. Scenario-based assessment, with the effect of introducing more objectivity and traceability in assessments.

   b. A continuous update performed all through the year, in case of modifications on risks already identified, new risks or new mitigation plans identified by Risk Owners.

      i. Regular reporting to RMSC for the review of major risks together with treatment measures in place.

RISK FACTORS (CONT'D)

Part 2 – Enterprise Risk Management : (Cont'd)

As at date, a portfolio of 87 risks including 16 major risks & 4 critical risks have identified in the full risk Register in place at the Company.

Part 3 – Business Continuity Plan

Since 2018, Air Mauritius has embarked on formalizing its Business Continuity Plans (BCP). Whilst Enterprise risk management helps organizations identify, assess, and remedy risks to business objectives, a business continuity plan is a document that consists of the critical information an organization needs to continue operating during an unplanned event to ensure that responses are effective and that the threats to brands, stakeholders, customers, and reputation are minimized. The Company now is focused on formalizing a BCP document. Workshops have been conducted on:

1. Business Impact Analysis (process description, number of employees, Recovery Time Objective, resume of activities in a degraded mode until back to normal and Recovery solutions (versality of competences w.r.t HR issues, call on other services providers) for these activities.

2. Operational Procedures on several events (such as among others aircraft damage, closure of airspace, critical data loss, fleet immobilization, loss of an aircraft, safety people impact…) to determine the process to recover the activity when an event occurs (alert, assess, act and communicate)

During the 2022 period, MK has carried out with the assistance of the Consultant a training and simulation of a crisis situation , thereby running a full BCP exercise"

1. 12 Business Impact Analysis have been implemented and updated for the following departments :

   - Accounting & Finance, Ground Operations, Alliances – Partnerships & International Affairs, Human Resources, Booking & Sales, IT, Care & Maintenance, Network & Scheduling, Facilities, Outstations, Flight Operations and Procurement

2. Required resources and workaround solutions have been identified for the following Business Continuity Disruptions : -

   a. Unavailability of Human Resources
   b. Unavailability of Site/Building
   c. Unavailability of IT Applications
   d. Unavailability of critical external and internal dependencies

RISK FACTORS (CONT'D)

Part 3 – Business Continuity Plan (Cont'd)

3. Have in place a formalized Crisis Management Plan Off- ERP

4. Business Continuity Plan for events including but not limited to :

 a. Loss of Aircraft / Aircraft damage
 b. Critical Material Damage
 c. Building / Site unavailability
 d. Relocation of aircraft
 e. Outstation & Base station
 f. Massive booking cancellation & Refunds
 g. Lack of Key competences
 h. Fleet type immobilization / Grounding
 i. Supply & Service Disruption

5. Business Continuity Team Setup :

 a. BCP Director
 b. Incident Log Keeper/ Liason Officer Experts
 c. Experts - Technical Services, Ground Operations, Flight Operations, OCC, Cabin Operations, Commercial, Contact Center Experts, Finance, Cargo Commercial, Human Resources, Inflight Services, Network & Scheduling, Fleet, IT

6. Business Continuity Simulation :

 a. 2019 : Aircraft Crash
 b. 2021 : Grounding of Aircraft following an Airworthiness Directive
 c. 2022 : IT Outage

All ERM, BCP works undertaken during 2022 were presented to the Board on 19 May 2022.

AIR MAURITIUS LIMITED

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED MARCH 31, 2021

Compliance Statement

Air Mauritius Limited ("MK" or the "Company"), is an entity that was listed on Official Market of the Stock Exchange of Mauritius ("SEM") up 31 March 2022. Air Mauritius Limited is classified as a public interest entity under the Financial Reporting Act 2004. In accordance with the National Code of Corporate Governance 2016 (the "Code"), Air Mauritius Limited is required to adopt and report on its corporate governance practices and this Corporate Governance Report sets out how the principles have been applied or not by the Company.

The Company was placed under voluntary administration on 22 April 2020 in light of the developments worldwide relating to the COVID-19 crisis as a result of travel restrictions and the closure of borders in all of the company's markets and cessation of all international and domestic flights in an unprecedented crisis leading to a complete erosion of the Company's revenue base. At this point in time, there was uncertainty as to when international air traffic would resume and all indications tended to show that normal activities would not pick up until late 2020.

Messrs Sattar Hajee Abdoula and Arvindsingh K Gokhool were appointed as joint administrators.

A watershed meeting was held on 28 September 2021 where all creditors resolved that the Deed of Company Arrangement (DOCA) be approved. The DOCA was executed on 1 October 2021 and Air Mauritius remained under the DOCA until 31 October 2021.

During the period of voluntary administration, the Company was managed by the joint administrators.

Dealing in the shares of Air Mauritius Limited was also suspended on 22 April 2020 when the Company was placed under voluntary administration and there was no trading up to 31 March 2021.

As the Company was under voluntary administration during the year ended March 31, 2021, Air Mauritius Limited has not complied with the requirements of the Code.

…………………………………………	…………………………………………
Marday Venketasamy G.O.S.K., C.S.K.	**Maxime Sauzier**
Chairman	*Chairman of the Corporate Governance Committee*
19 December 2022	*19 December 2022*

AIR MAURITIUS LIMITED AND ITS SUBSIDIARIES
CERTIFICATE FROM COMPANY SECRETARY
FOR THE YEAR ENDED MARCH 31, 2021

I certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166(d) for the year ended March 31, 2021, except for the filing of the consolidated and separate financial statements within the prescribed period.

Mr Roodesh Muttylall
Company Secretary
Date: 19 December 2022

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Air Mauritius Limited (the Group and Company), which comprise the consolidated and separate statements of financial position as at 31 March 2021 and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 22 to 121.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Air Mauritius Limited as at 31 March 2021, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 4.3 judgments (i) to the consolidated and separate financial statements, which indicates that the Group and the Company incurred a net loss of Eur 68 million and Eur 67 million respectively during the year ended March 31, 2021, and, as at that date, the Group and the Company had a net current liability position of Eur 211 million and Eur 215 million and their total liabilities exceeded their total assets by Eur 308 million and Eur 305 million respectively. As stated in note 4.3 judgments (i), these events and conditions, along with other matters as set forth in note 4.3 judgments (i), indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of leased and owned aircraft and aircraft accessories

Refer to significant accounting judgements, estimates and assumptions in note 4.3 (vii), significant accounting policies in notes 4.4(c) and 4.4(q) and note 6 to the consolidated and separate financial statements.

Key audit matter	**How the matter was addressed in our audit**
Aircraft and the relevant aircraft accessories including aircrafts within Right-of-Use ("ROU") assets are the most significant component of total assets for the Group and Company, representing 82% and 81% of the Group's and Company's total assets respectively as at March 31, 2021. Furthermore, the effect of the COVID-19 pandemic on the airline industry and on the Group's and Company's level of operation was considered as a triggering event for impairment considerations. The Group and the Company recognised an impairment of EUR 9 million in respect of aircraft and related aircraft accessories during the year. The assessment of impairment involves significant use of estimates and judgments including: • forecasting specific financial information related to the future operations of the Group and Company, which includes revenue per aircraft, load factor, passenger yield, cargo yield and fuel cost; • the remaining useful lives of these assets and indicators of obsolescence; • the discount rate used; and • estimated selling price at the end of their useful lives.	Our audit procedures included the following: We obtained management's impairment assessment of aircraft and the relevant aircraft accessories and assessed whether the impairment assessment has been performed in accordance with IAS 36, *Impairment of Assets* ("IAS 36"). With the assistance of our aircraft valuation specialist, we challenged and evaluated the assumptions and judgements used by management in their impairment assessment with reference to pre COVID-19 historical trends and our own expectations based on the Group's and Company's long term and strategic plans and on our knowledge of the business and the airline sector as a whole. We determined the mathematical accuracy of the cash flow model used and agreed the relevant data used such as load factor, passenger yield, cargo yield and fuel costs to the latest budget approved by the Board. We challenged the rationale of management on their determination of residual and market values of these aircrafts and compared it to aircraft valuation data sourced externally. We benchmarked the assumptions used in the determination of the discount rates to derive the relevant discount rates against available market data.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Key Audit Matter (Continued)

Impairment of leased and owned aircraft and aircraft accessories (Continued)

Refer to significant accounting judgements, estimates and assumptions in note 4.3 (vii), significant accounting policies in notes 4.4(c) and 4.4(q) and note 6 to the consolidated and separate financial statements.

Key audit matter	**How the matter was addressed in our audit**
Due to the significance of impairment of leased and owned aircraft and aircraft accessories in the consolidated and separate financial statements, and the significant judgments applied by management in performing the impairment assessment, the valuation of aircraft and related equipment was considered a key audit matter.	We assessed the reasonableness of the useful lives by benchmarking them against externally derived data for comparable aircraft. As part of our impairment testing, we performed a sensitivity analysis on the significant inputs included in the cash flow model and assessed the level of headroom as a consequence of reasonable changes to these key assumptions. We verified the appropriateness of the relevant disclosures in the consolidated and separate financial statements in line with the requirements of IAS 36.

Revenue Recognition

Refer to significant accounting judgements, estimates and assumptions in note 4.3 (v), significant accounting policies in notes 4.4(s), and notes 24 (b) and 25 to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
Revenue comprises numerous categories which include passenger and cargo sales. Passenger and cargo sales, net of discounts, are included in contract liabilities as 'Sales in advance of carriage' until recognised as revenue when the transportation service is provided. Sales that are not expected to be used for transportation (unused tickets) are recognised as revenue using estimates regarding the timing of recognition based on the terms and conditions of the tickets and historical trends.	Our audit procedures included the following: We tested the design and implementation of key manual controls relevant to revenue process. We tested a sample of the terms and conditions attached to revenue in evaluating management's judgements used to determine the timing of recognition of revenue from unused tickets.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Key audit matter (Continued)

Revenue Recognition (Continued)

Refer to significant accounting judgements, estimates and assumptions in note 4.3 (v), significant accounting policies in notes 4.4(s), and notes 24 (b) and 25 to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
The timing of revenue recognition for unused tickets requires judgement due to the timeframe over which tickets can be utilised. Revenue recognition was considered a key audit matter because of the significant level of judgement required by management in determining the timing of recognition of revenue from unused tickets.	We performed substantive analytical procedures on passenger and cargo sales and unearned transportation revenue by developing an expectation for each type of revenue using independent inputs and information generated by the Group and the Company and compared the expectations with recorded revenue. We verified the existence and accuracy of revenue generated from charter and repatriation flights operated during the financial year to relevant supporting documentation. We agreed, on a sample basis, passenger and cargo revenue to supporting documents such as sales reports from general sales agents, agent debit memos, other airlines' billings and airway bills as applicable to ascertain whether revenue was accurately recorded for passenger and cargo revenue. We performed procedures to verify that revenue at year end is recognised in the correct period by determining whether revenue is recognised only upon provision of the carriage service (uplift), and not before and has been accounted for in the correct accounting period. We have verified that tickets and airway bills not yet flown have remained in sales in advance of carriage (contract liabilities) and have not been recognised as revenue. We have verified that applicable unused tickets which have expired and cannot be refunded or rescheduled, have correctly been purged and recognised in revenue. We verified the appropriateness of the relevant disclosures in the consolidated and separate financial statements in line with the requirements of IFRS 15.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Other Information

The directors are responsible for the other information. The other information comprises the directors' report, sustainability report, risk management framework, corporate governance report, and certificate from company secretary, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIR MAURITIUS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our Report

This report is made solely to the Company's shareholders as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's shareholders as a body, those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Group and Company other than in our capacities as auditors and tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group and Company have, pursuant to section 75 of the Financial Reporting Act, not complied with the requirements of the Code.

KPMG
Ebène, Mauritius

Imtiaz Ajeda
Licensed by FRC

Date: 21 December 2022

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AIR MAURITIUS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Notes	THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		€'000	€'000	**€'000**	€'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**534,479**	673,262	**533,022**	671,468
Investment property	8	**8,442**	9,697	**-**	-
Intangible assets	9	**131**	286	**109**	251
Investment in subsidiaries	10	**-**	-	**15,803**	15,803
Investment in associated company	11	**-**	10,046	**-**	10,046
Long term deposits	13(a)	**16,454**	16,444	**16,454**	16,444
Long term investments	13(b)	**212**	1,390	**-**	-
Long term receivables	14	**137**	121	**137**	121
Deferred tax asset	15	**128**	139	**-**	-
		559,983	711,385	**565,525**	714,133
Current assets					
Inventories	16	**7,731**	8,982	**7,731**	8,982
Trade and other receivables	17	**29,318**	25,797	**29,317**	26,171
Derivative financial assets	21	**-**	260	**-**	260
Short-term deposits	13(b)	**1,057**	580	**-**	-
Income tax receivables		**38**	64	**-**	-
Cash and cash equivalents	18	**13,461**	48,922	**12,150**	47,067
		51,605	84,605	**49,198**	82,480
Assets classified as held for sale	35	**24,016**	-	**24,016**	-
		75,621	84,605	**73,214**	82,480
Total assets		**635,604**	795,990	**638,739**	796,613
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**48,421**	48,421	**48,421**	48,421
Share premium		**22,218**	22,218	**22,218**	22,218
Other deficits		**(12,918)**	(28,371)	**(84)**	(16,856)
Accumulated losses		**(366,252)**	(276,507)	**(375,163)**	(286,424)
Equity attributable to equity holders of the parent		**(308,531)**	(234,239)	**(304,608)**	(232,641)
Non-controlling interests		**939**	1,024	**-**	-
Total equity		**(307,592)**	(233,215)	**(304,608)**	(232,641)
Non-current liabilities					
Loans and borrowings	20	**531,123**	643,868	**531,123**	643,868
Employee benefit liabilities	22	**111,104**	96,124	**110,424**	95,506
Provisions	23	**13,977**	16,163	**13,977**	16,163
		656,204	756,155	**655,524**	755,537
Current liabilities					
Provisions	23	**14,830**	10,019	**14,830**	10,019
Trade and other payables	24(a)	**86,229**	53,421	**87,060**	54,184
Contract liabilities	24(b)	**99,134**	94,695	**99,134**	94,695
Loans and borrowings	20	**78,782**	89,582	**78,782**	89,486
Derivative financial liabilities	21	**8,017**	25,333	**8,017**	25,333
		286,992	273,050	**287,823**	273,717
Total liabilities		**943,196**	1,029,205	**943,347**	1,029,254
Total equity and liabilities		**635,604**	795,990	**638,739**	796,613

These consolidated and separate financial statements were approved and authorised by the Board of directors for issue on 19 December 2022 and signed on its behalf by:

....

Chairman of the Board *Director and Chairman of Audit Committee*

The notes on pages 28 to 121 form an integral part of these consolidated and separate financial statements.
Independent auditors' report on pages 15 to 21.

AIR MAURITIUS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2021

	Notes	THE GROUP 2021 €'000	THE GROUP 2020 €'000	THE COMPANY 2021 €'000	THE COMPANY 2020 €'000
Revenue					
Revenue from aircraft operations		**58,352**	490,987	**57,757**	491,091
Revenue from code sharing agreements		**-**	10,966	**-**	10,966
Rental income		**-**	1,197	**-**	-
Total revenue	25	**58,352**	503,150	**57,757**	502,057
Operating expenses		**(125,595)**	(527,759)	**(124,506)**	(527,133)
Gross loss		**(67,243)**	(24,609)	**(66,749)**	(25,076)
Administrative expenses		**(29,414)**	(45,690)	**(28,783)**	(45,094)
Impairment loss of trade and other receivables		**(474)**	(274)	**(474)**	(274)
Impairment of property, plant and equipment	6	**(9,084)**	(160,725)	**(9,084)**	(160,725)
Impairment of investment in subsidiaries and associates	10&35	**(2,531)**	-	**(2,531)**	(11,248)
Other operating income	25	**17,802**	7,968	**17,363**	7,490
Fair value loss on investment property	8	**(403)**	(8)	**-**	-
Operating loss		**(91,347)**	(223,338)	**(90,258)**	(234,927)
Finance income	27(a)	**34,128**	6,148	**34,053**	5,194
Finance costs	27(b)	**(10,635)**	(19,723)	**(10,633)**	(19,706)
Loss before tax		**(67,854)**	(236,913)	**(66,838)**	(249,439)
Income tax expense	28	**(55)**	(57)	**-**	-
Loss for the year		**(67,909)**	(236,970)	**(66,838)**	(249,439)
Other comprehensive income for the year					
Other comprehensive income which are or may be reclassified to profit or loss in subsequent periods:					
Movement in cash flow hedges *	21(d)	**16,772**	(19,642)	**16,772**	(19,642)
Exchange differences on consolidation *		**(1,410)**	(1,901)	**-**	-
Reclassification of exchange difference on loss of significant influence		**-**	(807)	**-**	-
Other comprehensive income which will not be reclassified to profit or loss in subsequent periods:					
Fair value movement in financial assets at fair value through OCI (previously available-for-sale investments) *	12	**-**	(178)	**-**	(178)
Actuarial losses on defined benefit plans	22	**(21,817)**	(34,996)	**(21,901)**	(35,420)
Income tax relating to the components of other comprehensive income	28	**(14)**	(72)	**-**	-
Other comprehensive income for the year, net of tax		**(6,469)**	(57,596)	**(5,129)**	(55,240)
Total comprehensive income for the year, net of tax		**(74,378)**	(294,566)	**(71,967)**	(304,679)
Loss for the year attributable to:					
- Owners of the Company		**(67,915)**	(236,978)		
- Non-controlling interests		**6**	8		
		(67,909)	(236,970)		
Total comprehensive income attributable to:					
- Owners of the Company		**(74,293)**	(294,470)		
- Non-controlling interests		**(85)**	(96)		
		(74,378)	(294,566)		
Loss per share (Eur)					
Basic	29	**(0.53)**	(1.91)		
Diluted	29	**(0.53)**	(1.91)		
Loss per share (Eur) for continuing operations					
Basic	29	**(0.53)**	(1.91)		
Diluted	29	**(0.53)**	(1.91)		

* There is no tax effect on these components of other comprehensive income.

The notes on pages 28 to 121 form an integral part of these consolidated and separate financial statements.
Independent auditors' report on pages 15 to 21.

AIR MAURITIUS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

			Other (deficits) / reserves								
	Share capital	Share premium *	Fair value reserve **	Translation reserve on consolidation ***	Hedge equity reserve ****	Total other (deficit)/ reserves	Retained earnings	Reserves Held for sale	Total shareholders' interest	Non-controlling interests	Total equity
THE GROUP	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Balance at April 01, 2019	41,724	18,869	187	(9,727)	2,786	(6,754)	(7,056)	249	47,032	2,364	49,396
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	3,402	-	3,402	-	3,402
Adjusted balance at April 01, 2019	41,724	18,869	187	(9,727)	2,786	(6,754)	(3,654)	249	50,434	2,364	52,798
Increase in share capital	6,697	3,349	-	-	-	-	-	-	10,046	-	10,046
Disposal of asset held for sale	-	-	-	-	-	-	-	(249)	(249)	(1,245)	(1,494)
Loss for the year	-	-	-	-	-	-	(236,978)	-	(236,978)	8	(236,970)
Other comprehensive income	-	-	(178)	(1,797)	(19,642)	(21,617)	(35,875)	-	(57,492)	(103)	(57,595)
Total comprehensive income for the year	-	-	(178)	(1,797)	(19,642)	(21,617)	(272,853)	-	(294,470)	(95)	(294,565)
Balance at March 31, 2020	48,421	22,218	9	(11,524)	(16,856)	(28,371)	(276,507)	-	(234,239)	1,024	(233,215)
Balance at April 01, 2020	**48,421**	**22,218**	**9**	**(11,524)**	**(16,856)**	**(28,371)**	**(276,507)**	**-**	**(234,239)**	**1,024**	**(233,215)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(67,915)**	**-**	**(67,915)**	**6**	**(67,909)**
Other comprehensive income	**-**	**-**	**-**	**(1,319)**	**16,772**	**15,453**	**(21,830)**	**-**	**(6,377)**	**(91)**	**(6,469)**
Total comprehensive income	**-**	**-**	**-**	**(1,319)**	**16,772**	**15,453**	**(89,745)**	**-**	**(74,292)**	**(85)**	**(74,378)**
Balance at March 31, 2021	**48,421**	**22,218**	**9**	**(12,843)**	**(84)**	**(12,918)**	**(366,252)**	**-**	**(308,531)**	**939**	**(307,592)**

Other (deficit) / reserves in the Group's consolidated statement of financial position include:
* When shares are issued at a price above its par value, the excess between the issue price and the par value is recorded in share premium (Note 19).
** Fair value reserve records unrealised gains or losses arising from changes in fair value of financial assets at fair value through OCI (previously available-for-sale investments).
*** Translation reserve on consolidation is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.
**** Hedge equity reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

The notes on pages 28 to 121 form an integral part of these consolidated and separate financial statements.
Independent auditors' report on pages 15 to 21.

AIR MAURITIUS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

			Other reserves				
	Share capital	Share premium *	Fair value reserve **	Hedge equity reserve ***	Total other reserves	Retained earnings	Total equity
THE COMPANY	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Balance at April 01, 2019	41,724	18,869	178	2,786	2,964	(4,967)	58,590
Adjustment on initial application of IFRS 16	-	-	-	-	-	3,402	3,402
Adjusted balance at April 01, 2019	41,724	18,869	178	2,786	2,964	(1,565)	61,992
Increase in share capital	6,697	3,349	-	-	-	-	10,046
Loss for the year	-	-	-	-	-	(249,439)	(249,439)
Other comprehensive income	-	-	(178)	(19,642)	(19,820)	(35,420)	(55,240)
Total comprehensive income	-	-	(178)	(19,642)	(19,820)	(284,859)	(304,679)
Balance at March 31, 2020	48,421	22,218	-	(16,856)	(16,856)	(286,424)	(232,641)
Balance at April 01, 2020	**48,421**	**22,218**	**-**	**(16,856)**	**(16,856)**	**(286,424)**	**(232,641)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(66,838)**	**(66,838)**
Other comprehensive income	**-**	**-**	**-**	**16,772**	**16,772**	**(21,901)**	**(5,129)**
Total comprehensive income	**-**	**-**	**-**	**16,772**	**16,772**	**(88,739)**	**(71,967)**
Balance at March 31, 2021	**48,421**	**22,218**	**-**	**(84)**	**(84)**	**(375,163)**	**(304,608)**

Other reserves in the Company's statement of financial position include:

* When shares are issued at a price above its par value, the excess between the issue price and the par value is recorded in share premium (Note 19)

** Fair value reserve records unrealised gains or losses arising from changes in fair value of financial assets at fair value through OCI (previously available-for-sale investments).

*** Hedge equity reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

The notes on pages 28 to 121 form an integral part of these consolidated and separate financial statements.
Independent auditors' report on pages 15 to 21.

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AIR MAURITIUS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

	Notes	THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		€'000	€'000	**€'000**	€'000
Cash flows from operating activities:					
Loss for the year		**(67,909)**	(236,970)	**(66,838)**	(249,439)
Adjustments for:					
Depreciation on property, plant and equipment	6	**65,688**	87,681	**65,588**	86,903
Fair value gain on investment property	8	**403**	8	**-**	-
Revenue from redemtion of miles	26(a)	**-**	(1,214)	**-**	(1,214)
Amortisation of intangible assets	9	**153**	537	**142**	519
(Gain)/Loss on the sale of property, plant and equipmen	26(a)	**-**	33	**-**	33
Gain on lease modification	26(a)	**(16,409)**	-	**(16,409)**	-
Gain on the sale of investment in subsidiaries		**-**	(1,497)	**-**	(1,497)
Impairment loss of trade and other receivables	17	**474**	274	**474**	274
Impairment of property, plant and equipment	6	**9,084**	160,725	**9,084**	160,725
Impairment of investment in subsidiaries and associates	10&35	**2,531**	-	**2,531**	11,248
Provision for Maintenance cost	23	**2,281**	10,607	**2,281**	10,607
Provision for Obsolete Items	16	**748**	12,418	**748**	12,418
Provision for legal cost	26(a)	**344**	7,325	**344**	7,325
Unrealised foreign exchange (gain)/loss	27(a)&(b)	**(32,536)**	101	**(32,536)**	101
Interest income	27(a)	**(1,063)**	(693)	**(988)**	(546)
Dividend income	27(a)	**-**	(64)	**-**	(64)
Other interest expense	27(b)	**10,635**	19,622	**10,633**	19,605
Unrealised (gain)/loss on fair value hedge		**(284)**	7,549	**(284)**	7,549
Reclassification of exchange difference on loss of significant influence		**-**	(807)	**-**	-
Income tax expense	28	**55**	57	**-**	-
		(25,805)	65,692	**(25,230)**	64,547
Changes in working capital:					
Decrease/(Increase) in inventories		**505**	(664)	**505**	(664)
(Increase)/Decrease in trade and other receivables		**(3,521)**	42,474	**(3,146)**	47,305
Increase/(Decrease) in trade and other payables		**32,809**	(1,129)	**32,877**	(2,197)
Increase/(Decrease) in contract liabilities		**4,439**	(19,746)	**4,439**	(19,746)
		8,427	86,627	**9,445**	89,245
Interest received	27(a)	**1,063**	693	**988**	546
Tax paid	28	**(47)**	(105)	**-**	-
Net cash flows from operating activities		**9,443**	87,215	**10,433**	89,791
Cash flows from investing activities					
Purchase of property, plant and equipment	6	**(676)**	(318,583)	**(676)**	(318,417)
Purchase of intangible assets	9	**-**	(188)	**-**	(148)
Addition in long term receivables	14	**(23)**	(17)	**(23)**	(17)
Received from long term receivables	14	**-**	24	**-**	24
Proceeds on disposal of property, plant and equipment		**18**	8	**18**	8
Proceeds on disposal of financial assets at fair value through profit or loss	12	**-**	585	**-**	585
Proceeds from sales of investment in subsidiaries, net of cash		**-**	914	**-**	2,760
Proceeds from short term deposit	13 (b)	**529**	3,832	**-**	-
Deposits received		**-**	57,429	**-**	57,429
Dividends received	27(a)	**-**	64	**-**	64
Net cash flows used in investing activities		**(152)**	(255,932)	**(681)**	(257,712)
Net cash flows from/(used in) operating and investing activitie:		**9,291**	(168,717)	**9,752**	(167,921)

The notes on pages 28 to 121 form an integral part of these consolidated and separate financial statements.
Independent auditors' report on pages 15 to 21.

AIR MAURITIUS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2021

	Notes	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
		€'000	€'000	**€'000**	€'000
Net cash flows used in operating and investing activities (cont'd		**9,291**	(168,717)	**9,752**	(167,921)
Cash flows from financing activities					
Repayment of lease liabilities	20 (b)	**(35,491)**	(47,657)	**(35,491)**	(47,493)
Repayment of borrowings		**(1,070)**	(9,482)	**(1,070)**	(9,482)
Assets purchased under lease	20 (b)	**-**	287,506	**-**	287,506
Interest paid		**(8,016)**	(19,622)	**(8,014)**	(19,605)
Net cash flows generated from / (used in) financing activities		**(44,577)**	210,745	**(44,575)**	210,926
Net (decrease)/increase in cash and cash equivalents		**(35,286)**	42,028	**(34,823)**	43,005
Movement in cash and cash equivalents					
At April 01,		**48,922**	6,469	**47,067**	3,484
Exchange gain / (loss)		**(613)**	425	**(532)**	578
Net (decrease)/increase in cash and cash equivalents		**(35,286)**	42,028	**(34,823)**	43,005
At March 31,	18	**13,023**	48,922	**11,712**	47,067
Cash and cash equivalents consists of:					
Cash at bank and in hand		**13,461**	48,922	**12,150**	47,067
Bank overdraft		**(438)**	-	**(438)**	-
At March 31,	18	**13,023**	48,922	**11,712**	47,067

The notes on pages 28 to 121 form an integral part of these consolidated and separate financial statements.
Independent auditors' report on pages 15 to 21.

1. CORPORATE INFORMATION

Air Mauritius Limited (the "Company") is a company limited by shares incorporated and domiciled in Mauritius whose shares were publicly traded and listed on the official market of the Stock Exchange of Mauritius until the entity officially delisted from the Stock Exchange of Mauritius on 31 March 2022 (refer to note 39 "Events after the reporting date" for details). Its registered office is situated on the 19th Floor of Air Mauritius Centre, John Kennedy Street, Port Louis.

The consolidated and separate financial statements of Air Mauritius Limited and its subsidiaries (collectively, the Group) for the year ended March 31, 2021 were authorised for issue by the Board of Directors on December 19, 2022.

2. PRINCIPAL ACTIVITIES

The principal activities of Air Mauritius Limited and its subsidiaries are:

- the operation of international air services for the carriage of passengers and cargo and the provision of ancillary services;
- the owning and operating of an investment property for rentals;
- the operation of a call centre and provision of Human Resources;
- the provision of aerial tours for sight-seeing;
- the operation of a flying academy.

There have been no changes in the above activities during the year.

3. BASIS OF PREPARATION

The consolidated and separate financial statements of the Group and the Company are presented in Euro which is the Company's functional currency and all values were rounded to the nearest thousand (Euro'000) except when otherwise stated.

The consolidated and separate financial statements have been prepared under the historical cost convention except for investment properties, derivative financial instruments, financial assets at fair value through OCI and assets classified as held for sale have been measured at fair value.

Statement of compliance

The consolidated and separate financial statements of the Group and the Company have been prepared on the going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act and the Financial Reporting Act 2004.

Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, each year.

3. BASIS OF PREPARATION (CONT'D)

Basis of consolidation (Cont'd)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

i. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
ii. Exposure, or rights, to variable returns from its involvement with the investee; and
iii. The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

4. ACCOUNTING POLICIES

The Group and Company have consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements, except as noted in 4.1 below.

4.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following relevant new and revised standards have been applied in these consolidated and separate financial statements as of April 01, 2020:

AMENDMENTS	Effective Date
- IAS 1 and IAS 8 Definition of Material	April 01, 2020
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	April 01, 2020
- Definition of a Business (Amendments to IFRS 3)	April 01, 2020
- Amendments to References to Conceptual Framework in IFRS Standards	April 01, 2020

The effects of these standards have been described below:

IAS 1 and IAS 8 Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from January 01, 2020 but may be applied earlier. The adoption of this amendment has not had any impact on the Group's and Company's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendments are effective from January 01, 2020 but may be applied earlier. The adoption of this amendment has not had any impact on the Group's and Company's financial statements.

4. ACCOUNTING POLICIES (CONT'D)

4.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT'D)

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3. In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. The Group and the Company have not acquired any businesses during the year thus, the adoption of this amendment has not had any impact on the Group's and Company's financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective from January 01, 2020 but may be applied earlier. The adoption of this amendment has not had any impact on the Group's and Company's financial statements.

4. ACCOUNTING POLICIES (CONT'D)

4.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's and Company's consolidated and separate financial statements are listed below. This listing is of standards and interpretations issued, which the Group and Company reasonably expect to be relevant and applicable at a future date. The Group and Company intend to adopt those standards when they become effective.

<u>**New or revised standards**</u>	**Effective for accounting period beginning on or after**
COVID-19-Related rent concessions (Amendments to IFRS 16)	April 01, 2021
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	April 01, 2021
Onerous contracts: cost of fulfilling a contract (Amendments to IAS 37)	April 01, 2022
Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)	April 01, 2022
Annual Improvements to IFRS Standards 2018-2020	April 01, 2022
Classification of liabilities as current or non-current (Amendments to IAS 1)	April 01, 2023
Definition of accounting estimates (Amendments to IAS 8)	April 01, 2023
Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	April 01, 2023

The effects of these standards have been described below:

The assessment below is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and Company in the next financial year when the standards will be adopted.

COVID-19-Related rent concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- The revised consideration is substantially the same or less than the original consideration;
- The reduction in lease payments relates to payments due on or before June 30, 2021; and
- No other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

4. ACCOUNTING POLICIES (CONT'D)

4.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

COVID-19-Related rent concessions (Amendments to IFRS 16) (Cont'd)

- That fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- The amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The original version of the practical expedient was, and remains, optional. However, the subsequent amendment is, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendment would have to consistently apply the extension to similar rent concessions.

The subsequent amendment is applicable retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f)1 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application of the subsequent amendment. Lessees may need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendment but becomes eligible as a result of the extension.

The amendments are effective for periods beginning on or after June 01, 2020 (the subsequent amendment is effective on or after April 01, 2021), with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied. The Group and the Company have not yet assessed the impact of this amendment on the financial statements.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark. including the effects of changes to contractual cash flows of hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, lAS39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities, and lease liabilities; and
- hedge accounting.

i. Changes in the basis for determining contractual cash flows of financial assets, financial liabilities, and lease liabilities.

The amendments will require an entity to account for a change in the basis for determining the contractual cash flow of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

4. ACCOUNTING POLICIES (CONT'D)

4.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (Cont'd)

ii. Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

The Group and the Company have not yet assessed the impact of this amendment on the financial statements.

Onerous contracts: cost of fulfilling a contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- The incremental costs – e.g. direct labour and materials; and
- An allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after January 01, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted. The Group and the Company do not believe that the new amendment and measurement requirements will have a material impact on its accounting for the cost of fulfilling a contract.

Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

4. ACCOUNTING POLICIES (CONT'D)

4.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16) (Cont'd)

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- Costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- Costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after January 01, 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The Group and the Company do not believe that the new amendment and measurement requirements will have a material impact on its financial statements.

Annual Improvements to IFRS Standards 2018-2020

IFRS 9 Financial Instruments -The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities -in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after I January 2022 with earlier application permitted.

The Group and the Company do not believe that the new amendment and measurement requirements will have a material impact on its financial statements.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

4. ACCOUNTING POLICIES (CONT'D)

4.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Classification of liabilities as current or non-current (Amendments to IAS 1) (Cont'd)

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are effective for annual periods beginning on or after January 01, 2023 and are not expected to have a significant impact on the Group's and the Company's financial statements.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after I January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group and the Company do not believe that the new amendment and measurement requirements will have a material impact on its financial statements.

4. ACCOUNTING POLICIES (CONT'D)

4.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from I January 2023 but may be applied earlier. The Group and the Company do not believe that the new amendment and measurement requirements will have a material impact on its financial statements.

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and Company's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities and other information disclosed in certain notes at the reporting date. The Group and Company regularly revise their estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in the Group's and Company's future consolidated and separate financial statements could differ from the current estimates.

4. ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

In preparing these consolidated and separate financial statements the directors have used their best judgement and made estimates and assumptions about the future which are based on the current economic situation which is however highly volatile. In particular, these assumptions have had a significant impact on the following account balances in the consolidated and separate financial statements:

- Property, plant and equipment: estimation of recoverable value, depreciation method, economic useful life and residual value of assets.
- Employee benefit liability: Financial assumptions such as estimation of discount rates, expected return on plan assets, future salary increases, future pension increases and demographic assumptions such as average life expectancy.
- Fair value of derivative financial assets and liabilities: the volatility of the following underlying:

  - foreign exchanges;
  - oil prices; and
  - future interest rates.

- Investment property: estimation of fair value of property.
- Revenue recognition and contract liabilities for customer loyalty programme.
- Provisions for returned conditions: estimation of costs.
- Impairment of aircraft and accessories.
- Whether an arrangement contains a lease – refer to Note 4.4 (n).

These are discussed below:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. *Estimated recoverable amount, useful lives and residual values of property, plant and equipment*

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain property, plant and equipment of the Group and Company, such as aircraft, are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purpose of calculating depreciation (refer to Note 4.4(c)). The estimates of useful lives and residual values carry a degree of uncertainty. The directors have used historical information relating to the Group and Company and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property, plant and equipment.

4. ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

i. Estimated recoverable amount, useful lives and residual values of property, plant and equipment (Cont'd)

Estimated recoverable amount for impairment assessment purposes for certain items of property, plant and equipment related to aircraft and accessories involves significant management estimate and judgement including:

- forecasting specific aircraft information such as revenue per aircraft, load factor, average air ticket price, cargo yield and fuel cost;
- the remaining useful lives of these assets and indicators of obsolescence;
- the discount rate used; and
- estimated selling price and costs to sell at the end of their useful life.

ii. Employee benefit liability

The determination of employee benefit costs and related provisions, as described in Note 4.4(o) and as detailed in Note 22 to the consolidated and separate financial statements, requires the use of actuarial calculations or other assumptions that include significant estimates in respect of, inter alia, the discount rate, the expected return on plan assets, future salary increases, future pension increases and demographic assumptions such as average life expectancy.

These significant estimates are assessed annually by the directors with the actuaries where applicable. Differences between actual and estimates are recorded as actuarial gains or losses in the year in which they occur in total.

iii. Fair value of derivative financial assets and liabilities

The Group and Company enter into derivative financial contracts including currency forward contracts for hedging purposes and measure these instruments at fair value at the reporting date. The fair values of such contracts are determined using appropriate valuation techniques. The input to those models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as volatility. Changes in assumptions about these factors could affect the reported fair value of these financial instruments. Further details on these derivative financial instruments are provided in Note 21.

iv. Fair valuation of investment property

In preparing these consolidated and separate financial statements, the directors have obtained from an independent professional valuer the estimated fair value of the Group's and Company's investment property which are disclosed in the notes to the consolidated and separate financial statements. These estimates include discount rates, rent growth, long-term vacancy and estimates of expenses and management costs. The actual recoverable amount of the investment property could therefore differ significantly from the estimates. Further details are given in Note 8.

4. ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

v. Revenue and contract liabilities for customer loyalty programme

Revenue comprise numerous categories which include passenger revenue, cargo sale and redemption of miles on customer Loyalty Programme (Refer to Notes 4.4 (r) and 4.4 (s)). The IT systems supporting the revenue process are complex and involve a number of key judgement over the timing of revenue recognition. The timing of revenue recognition for unused tickets also require judgement due to the time frame over which tickets can be utilised. Refer to Note 4.4 (s) whereby the revenue accounting under IFRS 15 has been disclosed.

The Group and Company operate a Frequent Flyer programme, Kestrelflyer, which provides a variety of awards to members based on mileage credits on Air Mauritius Limited and other airlines that participate in the programme. Members can also accrue and redeem miles with non-airline partners.

The Group and Company account for award credits as a separately identifiable component of the sales transaction in which they are earned. The consideration in respect of the initial sale is allocated to award credits based on their relative stand-alone selling price (measured using the estimated ticket value method based on historical statistical data), adjusted for expected expiry and the extent to which the demand for an award cannot be met and is accounted for as a liability (deferred revenue) in the Group's and Company's statements of financial position. The estimation technique applied considers a range of different redemption options by reference to their cash selling prices, such as airfares on different routes and in different classes of travel as well as flight upgrades and partner rewards.

The stand-alone selling price (measured using the estimated ticket value) has been calculated based on the lowest applicable fare price throughout the 12 months. Judgement is exercised by management due to the diversity of inputs that go into determining the fair value of the award credits and due to the possibility that the trend may change over time.

Revenue is recognised on unredeemed miles when they expire.

The carrying amount of the contract liabilities for the Kestrelflyer Programme was estimated at **Eur 3.3M** (2020: Eur 4.4M). Management has maintained the redemption rate to **50%** as at March 31, 2021 (2020: 50%). Further details have been provided in Note 24.

Management has taken decision to extend the validity of Kestrelflyer miles for all members including those holding SBM SKY-SMILES co-branded VISA Credit Card, which might have expired between 1 March 2020 till 31 July 2022. This will enable all members to use and benefit from awards like Tickets, Upgrading and Excess Luggage when they are ready.

4. ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

vi. Provisions for returned conditions

The Group and Company are contractually committed to return the aircraft in adherence to conditions agreed under the terms of the operating lease arrangements. These provisions are determined based on the expected costs of meeting the conditions and incorporate a number of assumptions requiring significant judgements including:

- Past and expected future utilisation and maintenance patterns of aircraft and engines; and
- Expected costs of the maintenance at the time it is expected to occur.

vii. Impairment of aircraft and accessories

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the
higher of its fair value less costs of disposal and its value in use. The fair value less costs to sell is based on available market data. Value in use is determined by discounting cash flows to be generated from their continuing use up to expected retirement date. Therefore, the assessment of impairment involves significant use of estimates and judgments including:

- forecasting specific aircraft information such as revenue per aircraft, load factor, passenger yield, cargo yield and fuel cost;
- the remaining useful lives of these assets and indicators of obsolescence;
- the discount rate used; and
- estimated selling price at the end of their useful lives.

Judgements

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

i. Going concern

At March 31, 2021, the Group's and the Company's total liabilities exceeded its total assets by **Eur 307.6m** (2020: Eur 233.2m) and **Eur 304.6m** (2020: Eur 232.6m) respectively. The Group and Company had net current liabilities of **Eur 211.4m** (2020: Eur 188.4m) and **Eur 214.6m** (2020: Eur 191.2m) respectively. The Group and the Company incurred a loss of **Eur 68m** (2020: Eur 237m) and a loss of **Eur 67m** (2020: Eur 249m) respectively for the year ended March 31, 2021. Included in the net current liabilities are non-financial liabilities which would not result in cash outflows of the Group and the Company and these include forward sales and frequent flyer provisions which amount to **Eur 95.8m** (2020: EUR 90.2m) and **Eur 3.3m** (2020: Eur 4.5m) respectively. The results of the Group and Company for the year ended March 31, 2021 were significantly impacted by the COVID-19 pandemic.

4. ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Judgements (Cont'd)

i. Going concern (Cont'd)

The novel coronavirus (COVID-19) pandemic spread rapidly across the globe. The outbreak was identified first in China towards of end December 2019 and on March 2020, 11, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 had taken its toll on not just human life, but business and financial markets too, the extent of which was dependent on a number of factors, including the formulation of a viable vaccine and governments' response to combat the spread of the virus in the intervening period. The governments of Mauritius introduced a variety of measures to contain the spread of the virus from restrictions on travel to complete lockdown which had an adverse impact on the Group and the Company. As mentioned in Note 39, due to the impact of COVID-19 and the uncertainty as to when international air travel would resume, it was expected that the Group and the Company would not be able to meet its financial obligations in the foreseeable future. As such, on April 22, 2020, the board of directors took the decision to place the Company under voluntary administration in order to safeguard the interest of the Company and all its stakeholders.

The administrators took a series of actions (refer to Note 39) to improve the profitability and operating cash flows of the Company. The Company exited voluntary administration on October 01, 2021, after securing funding of MUR 9.5 billion (EUR 193.5m) from Airport Holdings Ltd ("AHL"), the holding company of the Company and also the entity chosen by the Government of Mauritius.

AHL, the entity chosen by the Government of Mauritius further proposed to inject in the form of a loan, MUR 2.5 billion (EUR 53m) as and when needed to support the Group and Company. The commitment of MUR 2.5 billion (EUR 53m) is available on demand and has not been utilised by the Group and the Company as at date of approval of these financial statements. It has also been agreed that the loan received subsequent to year end from AHL of EUR 193.5 million (note 39) and any amount drawn from the MUR 2.5 billion will be converted to equity in order to improve the solvency position of the Group and Company. AHL has also committed to a plan to fully restore the equity position of the Group and Company through capital injection within a period of two years. In addition, AHL, has issued a legally binding letter of support whereby it will settle operating expenses incurred by the Group and Company if required for at least the next 12 months subsequent to the approval of the financial statements.

The Company's directors have made an assessment of the Group's and the Company's ability to continue as a going concern and are satisfied that the Group and Company have the resources to continue in business for at least twelve months from the date these consolidated and separate financial statements have been approved. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

The Group and Company's forecasts and projections, taking into account any reasonable or possible changes (operating statistics such as passenger load factor, ticket prices, number of flights, cargo yield and others) in trading performance, demonstrate that the Group and the Company should have sufficient cash resources to be able to operate in the normal course of business for at least twelve months from the date of approval of these financial statements.

4. ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Judgements (Cont'd)

i. *Going concern (Cont'd)*

Despite the above plans by management and support received from AHL, the Group and Company remain in a net liability position as of date of these consolidated and separate financial statements. The Group and Company have a history of loss making and have continued to incur further losses subsequent to year end. Furthermore, the Group and Company have a significant shareholders' deficit and continue to operate in a challenging economic environment. In the event that Air Mauritius Limited requires financial support from AHL and adequate financial support is not forthcoming from AHL when required, a material uncertainty exists that may cast significant doubt over the Group's and Company's ability to continue as going concern, and therefore that it may be unable to realise its assets and discharge it liabilities in the normal course of business.

ii. *Determination of hedging relationship*

The determination of the accounting treatment of the Group's and Company's hedging relationships is critical since the recording of gains or losses on re-measurement of hedging instruments to fair value at the reporting date gives rise to adjustments directly in profit or loss or other comprehensive income where such relationship is treated as fair value hedge or cash flow hedge respectively. Hedge accounting under IFRS is a complex area and the Group and Company have entered into a number of hedge contracts, necessitating a sophisticated system to record and track each contract and calculate the related valuations at each financial reporting date. The valuation of hedging instruments and consideration of hedge effectiveness involve a significant degree of both complexity and management judgement. As described in Note 4.4 (j), there are criteria that need to be considered in determining the nature of hedging relationship. Hedging has only been undertaken by the Group and Company due to the significant volume of transactions involving the purchase of jet fuel and financial commitments involving varying currencies. The directors have determined that the criteria for cash flow hedging have been adequately met to justify their judgement in the application of cash flow hedge accounting. Additional information is provided in Note 21.

iii. *Functional currency*

The Group and Company have exercised significant judgement in determining the functional currency of the Group and Company and each of its subsidiaries. In making this judgement, the Group and Company have considered the primary economic environment in which each entity operates; the geographical location whose competitive forces mainly determine
the sales prices of the entity's goods and services; the currency that mainly influences the determination of costs of providing goods and services; the currency in which funds from financing activities are generated; and, the currency in which proceeds from operating activities are usually retained.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Group and Company during the year.

(a) Functional and presentation currency

The functional currency of each entity within the Group and Company has been determined by reference to, inter alia: the primary economic environment in which the entity operates; the geographical location whose competitive forces mainly determine the sales prices of the Group's goods and services; the currency that mainly influences the determination of costs of providing goods and services; the currency in which funds from financing activities are generated; and, the currency in which proceeds from operating activities are usually retained.

For the purpose of these consolidated and separate financial statements, the results and financial position of each entity are expressed in Euro ("EUR"), which is the functional currency of the Company, and the presentation currency used for the Group's and the Company's financial statements. For those entities in the Group whose functional currencies differ from the presentation currency, the following exchange rates were applicable:

	2021		2020	
	Closing	**Average**	Closing	Average
EUR / ZAR*	**17.48**	**19.06**	19.80	16.42
EUR / MUR**	**47.24**	**46.31**	43.06	40.37

*ZAR: South African Rand
**MUR: Mauritian Rupee

(b) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rate of exchange prevailing on the reporting date.

Exchange differences arising on the settlement and the retranslation of monetary items are recognised in profit or loss. Exchange differences arising on the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss); and
- qualifying cash flow hedges to the extent that the hedges are effective.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation (Cont'd)

In order to hedge its exposure to certain foreign exchange risks, the Group and Company entered into forward contracts, for which the Group and Company apply hedge accounting if appropriate, see Note 4.4(j).

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are expressed in Euro using exchange rates prevailing on the reporting date. The income and expenses for the year are translated into Euro at the average exchange rate for the year. The exchange differences arising from the translation of the foreign operations are recognised in other comprehensive income and taken to the Group's translation reserve. The cumulative translation differences recognised in other comprehensive income are reclassified to profit or loss in the year in which the foreign operation is disposed of. If the Group disposes of part of its interest in a subsidiary, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Property, plant and equipment

An item of property, plant and equipment is initially recognised at the cost at the time it is incurred. All property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Such costs include the cost of replacing part of an asset when that cost is incurred, if recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and Company recognise such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed on an aircraft or its engines which is required in order for the aircraft to be operational, its cost is recognised in the carrying amount of the asset as a replacement if recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Residual value is the estimated amount that the Group and the Company would currently obtain from disposal of the asset after deducting the estimated cost of disposal as if the asset were already of the age and in the condition expected at the end of its useful life.

The depreciation method, useful lives and residual values of all property, plant and equipment are reviewed and prospectively adjusted if appropriate at each financial year end.

The right-of-use assets are depreciated over their respective lease terms.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

The principal annual rates of depreciation for the years ended March 31:

	Rate (%)
Aircraft on finance lease (frame and engine)	5
Aircraft and accessories:	
- Aircraft	3-7
- Galley equipment	9 – 15
- In-flight entertainment equipment	9 – 15
- Cabin interior and seating	9 – 11
- Aircraft rotables spares	5 – 50
Buildings and hangars on leasehold land	2 – 10
Plant and equipment	15 – 33.33
Furniture and fittings	10
Computer and office equipment	10 – 33
Motor vehicles	20
Airframe and engine overhaul	See note below

Leasehold land is not capitalised and the lease payments are charged to profit or loss on a straight line basis.

Items of property, plant and equipment acquired under operating and finance lease contracts ("ROU" assets) are depreciated over the shorter of the lease term and useful life of the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Aircraft and engine overhaul

Costs incurred in respect of heavy maintenance and overhaul of aircraft engines and airframes are capitalised and depreciated over the period to the next scheduled maintenance ranging from 1.5 to 5 years. Other non-heavy maintenance and overhaul costs are charged to profit or loss on consumption or as incurred.

(d) Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Information on the fair value determination is provided in Note 8. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the year in which they arise.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment property (Cont'd)

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Rental income from investment property

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term.

(e) Investments in subsidiaries and associate

Subsidiaries

The accounting policy of the Group in respect of the consolidation of subsidiaries is presented in the basis of consolidation in Note 3. In the separate financial statements, investments in subsidiary companies are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated and separate financial statements from the date on which control commences until the date on which control ceases.

When the Group disposes a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss.

Associate

An associate is an entity in which the Group has significant influence.

In the consolidated financial statements, the Group's investment in its associate is accounted for using the equity method. In the separate company financial statements, the investment in the associate is carried at cost less any impairment losses.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investments in subsidiaries and associate (Cont'd)

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the results of operations and other comprehensive income of the associate is shown in profit or loss and in other comprehensive income respectively. Where there has been a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated in the extent of the interest in the associate. The financial statements of the associate are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

(f) Financial assets

Classification

In accordance with IFRS 9, the Group and Company classify their financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and Company have applied the practical expedient, the Group and Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and Company have applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 4.4 (s) for revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) (there were no financial assets under this category at the reporting date);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.
- Derivative assets at fair value – hedging instrument

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at amortised cost (debt instruments)

The Group and Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and Company's financial assets at amortised cost include long term deposits, long term investments, long term receivables, trade and other receivables (excluding prepayments), short term deposits and cash and cash equivalents.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group and Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and Company elected to classify irrevocably their equity investments under this category as they are not held for trading.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at fair value through profit or loss (Cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Dividends on equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

This category also includes derivative instruments designated at 'fair value – hedging instrument'.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

For derivative measured at fair value – hedging instrument, refer to Note 4.4 (j).

Derecognition

A financial asset is primarily derecognised when:
- The rights to receive cash flows from the asset have expired; or

- The Group and Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group and Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership.

When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and Company could be required to repay.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of financial assets

The Group and Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there have not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and Company apply a simplified approach in calculating ECLs.

Therefore, the Group and Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and Company have established a provision matrix that is based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Group's and Company's financial liabilities include provisions, trade and other payables, loans and borrowings (including bank overdraft), derivative financial liabilities and dividend payable to NCI.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities (Cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group and Company have designated derivative financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, loans and borrowings, trade and other payables, dividend payable and bank overdraft are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is shown in the consolidated and separate statements of financial position when and only when, the Group and Company have a legally enforceable right to offset the amounts and intend to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Derivative financial instruments and hedge accounting

The Group and Company hold derivative financial instruments to hedge its foreign currency and fuel price risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group and Company designated certain derivatives as 'hedging instruments' to hedge variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and fuel prices and certain derivatives as hedges on fuel price risk on a net investment in a foreign operation.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting year; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging relationship is classified as cash flow hedge or fair value hedge. A fair value hedge is hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss whereas a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss. The hedging relationships meet the conditions of cash flow hedges during the year and are therefore accounted as cash flow hedges.

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income and accumulated in the hedge equity reserve, while any ineffective portion is recognised immediately in the statement of profit or loss under finance costs.

The Group and Company use forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the fuel prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income. Refer to Note 21 for more details.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Derivative financial instruments and hedge accounting (Cont'd)

Cash flow hedge (Cont'd)

Amounts recognised as other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income are reclassified to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedge equity reserve remains there until the forecast transaction or firm commitment affects profit or loss.

(k) Provisions

i. General

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group and Company expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

ii. Major overhauls

Major overhauls involve maintaining the aircraft in a serviceable condition in line with the aircraft maintenance manual. The Company makes provisions for the future maintenance events based on the maintenance programme. Provisions are recognised on a monthly basis in relation to these events which are then released to profit or loss upon completion of the overhaul.

iii. Provision for return conditions

The measurement of the provision for aircraft return conditions includes assumptions relating to the expected cost of meeting the maintenance and non-maintenance return conditions, having regard to the current fleet plan and long-term maintenance schedules. Please refer to Note 23 for more details.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Intangible assets and goodwill

Intangible assets comprise of computer software. Intangible assets and goodwill on acquisition are initially recorded at cost and are subsequently measured at cost less accumulated amortisation and impairment losses. Computer software is amortised using the straight-line method over its estimated useful life of three years. Goodwill acquired in a business combination is not amortised and is assessed for impairment every year. The amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains or losses arising from derecognition of an intangible asset and goodwill are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(m) Inventories

Inventory items are valued at the lower of cost and net realisable value. Cost comprises purchase cost from suppliers and any other costs incurred in bringing such inventory to its present condition and location. In general, cost is determined on a weighted average basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Redundant and obsolete inventories are identified on a regular basis and written down to their realisable values as and when it is deemed necessary. Consumables are written down with regards to their age, condition and utility.

(n) Leases

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset. The Group and the Company have this right when the Group and the Company have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

  - the Group and the Company have the right to operate the asset; or
  - the Group and the Company designed the asset in a way that predetermines how and for what purpose it will be used.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

This policy is applied to contracts entered into, or changed, on or after April 01, 2019.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

(i) Group and Company as lessees

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

(i) Group and Company as lessees (Cont'd)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Aircraft leases

The Group and the Company are obliged to return leased aircraft and their engines according to the redelivery condition set in the lease agreement. If at the time of redelivery, the condition of the aircraft and its engines differs from the agreed redelivery condition, the Group and the Company need to either maintain the aircraft so that it meets the agreed redelivery condition or settle the difference in cash to the lessor.

The maintenance costs can be divided into two main groups:
1) costs that are incurred independent of the usage of the aircraft / leasing period and
2) costs that are incurred dependent on the usage of the aircraft / leasing period

The final check and painting required at redelivery are considered unavoidable maintenance costs that realise when the aircraft is redelivered to the lessor, irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease.

Respectively, costs depending on the usage of the aircraft are not considered as part of the right-of-use asset cost.

The Group and the Company remeasure the lease liability when there is a lease modification that changes the scope of a lease or the consideration for the lease, that was not part of the original terms and conditions of the lease, including changes in lease payments resulting from a change in indices and rates used in variable aircraft lease payments. The amount of the remeasurement of the lease liability is generally recognised as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining measurement is recognised in profit or loss.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

(i) Group and Company as lessees (Cont'd)

Aircraft leases (Cont'd)

The aircraft lease contracts do not contain the interest rate implicit in the lease. The incremental borrowing rate is therefore used and it is determined by each aircraft lease separately, based on management estimate.

Real estate leases

The Group and the Company lease land and buildings for their office space and retail stores. The leases of office space typically run for a period of 10 years, and leases of retail stores for three to five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group and the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Other leases

The Group and the Company lease vehicles and equipment, with lease terms of three to five years. In some cases, the Group and the Company have options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group and the Company monitor the use of these vehicles and equipment, and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets.

The Group and the Company also lease IT equipment and machinery with contract terms of one to three years.

These leases are short-term and/or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

(ii) Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

(ii) Group as lessor (Cont'd)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group and the Company as lessor in the comparative period were not different from IFRS 16. However, when the Group and the Company were intermediate lessors the sub-leases were classified with reference to the underlying asset.

(iii) Sale and leaseback

Any gain arising on sale and leaseback transaction resulting in a finance lease and where the sale price is at fair value, same is classified as a deferred credit and amortised over the period for which the asset is expected to be used. If a loss arise on a sale and leaseback transaction and where the sale price is at fair value, the loss is recognised in profit or loss. No loss is recognised unless the asset is impaired, in which case it is added to the carrying amount of the leased asset and depreciated over the shorter of the lease term and useful life of the asset.

(o) Employee benefit liability

(i) Defined benefit plans

The Company contributes to a pension scheme, which is a 'Defined Benefit' plan. Under this plan the qualifying employees are entitled to retirement benefits up to a maximum of 66.6% of final salary on attainment of a retirement age of 65. The assets of the fund are held and administered by a trust specifically created for that purpose.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefit liability (Cont'd)

(i) Defined benefit plans (Cont'd)

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds), less unrecognised past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur.

(ii) Defined contribution plans

The Company operates a defined contribution scheme, created in April 2002, the assets of which are held separately from the Group and are administered by an independent fund administrator. All new employees of the Company from that date become members of the defined contribution plan. Payments by the Company to the defined contribution retirement plan are charged as an expense in profit or loss as they fall due.

(iii) Other post-retirement benefits

Other post-retirement benefits include unused, accumulated sick leave benefits that are refunded to employees on retirement and the severance allowance payable to employees of its subsidiaries in accordance with Labour Laws. The net present value of benefits payable is calculated by a qualified actuary and provided for. The severance allowance payable and the accumulated sick leaves are unfunded.

(iv) End of contract gratuity for pilots

The terms of employment for pilots employed on a fixed, long-term contract basis include a condition for the payment of gratuity which is calculated based on a percentage of the total basic salary paid to the pilots on each anniversary date of their contract over its duration.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefit liability (Cont'd)

(iv) End of contract gratuity for pilots (Cont'd)

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(p) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

i. Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using the tax rates enacted at the reporting date. Current tax is recognised in correlation to underlying transactions either in profit and loss or, other comprehensive income or directly in equity. Current tax assets and liabilities are offset, if there is a legally enforceable right to set off and the entity either intends to settle on a net basis or realise the asset and liability simultaneously.

ii. Deferred tax

Deferred tax is provided, using the balance sheet approach, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date that are expected to apply in the year when the asset is realised or the liability is settled.

Deferred tax items are recognised in correlation to underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Under this method the Group is required to make provision for deferred taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

The principal temporary differences arise from depreciation on property, plant and equipment, employee benefit liability and provision for credit losses.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income tax (Cont'd)

ii. Deferred tax (Cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

i. Value added taxes

Revenues, expenses and assets are recognised net of the amount of value added taxes except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated and separate statements of financial position.

ii. Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the consolidated and separate statements of comprehensive income and the income tax liability on the consolidated and separate statements of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

iii. Tax Holiday

The Company is not taxable by virtue of an agreement with the Government of Mauritius and this income tax holiday is accounted for as part of income tax.

(q) Impairment of non-financial assets

The Group and Company review the carrying amounts of its assets other than investment property, inventories and deferred tax assets at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

(r) Customer loyalty programme

The Group and Company operate a customer loyalty programme, the Kestrelflyer Programme that entitles customers to accumulate mileage credits that entitle them to a choice of various awards, primarily free travel and upgrading of tickets. Redemption revenue received for the issuance of points is deferred as a liability (sales in advance on carriage) until the miles are redeemed or the passenger is flown in the case of flights redemptions. Redemption revenue is based on their relative stand-alone selling price (measured using the estimated ticket value method based on historical statistical data), adjusted for expected expiry and the extent to which the demand for an award cannot be met. Redemption revenue is recognised at the point where the miles are expired or redeemed by the customer.

(s) Revenue recognition

i. Passenger and cargo sales

The Group's and Company's revenue primarily derive from transportation services for both passengers and cargo. Revenue is recognised when the transportation service has been provided, that is, when the passengers/cargo have flown. Passenger tickets and cargo air way bills are generally paid for in advance of transportation and are recognised, net of discounts (the transaction price), as current liabilities in the "Sales in advance of carriage" until the passenger/cargo has flown. Commission costs are recognised at the same time as the revenue to which they relate and are charged to operating expenses.

Unused tickets are recognised as revenue after the contracted date of departure using estimates regarding the timing of recognition based on the terms and conditions of the ticket and statistical analysis of historical trends.

The Group and Company consider whether they are an agent or a principal in relation to transportation services by considering whether they have a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party.

ii. Other revenue

Other revenue including handling; hotel and holiday and commissions is recognised as the related performance obligation is satisfied (at a point in time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition (Cont'd)

iii. Redemption of miles on Customer Loyalty Programme (Kestrelflyer)

Redemption revenue received for the issuance of points is deferred as a liability (sales in advance on carriage) until the miles are redeemed or the passenger is uplifted in the case of flights redemptions. Redemption revenue is based on their relative stand-alone selling price (measured using the estimated ticket value method based on historical statistical data), adjusted for expected expiry and the extent to which the demand for an award cannot be met. Redemption revenue is recognised at the point when the miles are expired or redeemed by the customer and over time using the estimated ticket value method.

For the financial year end 2021, a commercial decision was taken to extend miles expiring between 01 March 2020 to 31 August 2021 till 31 December 2022 as a result of COVID-19 and closure of international borders.

iv. Purged revenue

Unused tickets included in "sales in advance of carriage" are recognised as revenue (purged) after twelve months from the lapsed travel date. For the financial year end 2021, there was a commercial decision not to purge tickets expiring on May 2020 onwards as a result of COVID-19 and closure of international borders.

Disaggregation of revenue, performance obligations and significant judgments applied under IFRS 15:

Under IFRS 15, revenue is recognised when a customer obtains control of the services. Determining the timing of the transfer of control – at a point of time or over time – requires judgement. The below table sets out the accounting policies in relation to the Company's different sources of revenues and their recognition:

Type of service	Source of revenue	Nature, timing of satisfaction of performance obligations, significant payment terms
• Transportation / carriage services	Passenger and cargo revenues Revenue from code sharing agreements (refer to accounting policy (u) below)	The Group's and Company's revenue primarily derive from transportation services for both passengers and cargo. Revenue is recognised when the transportation service has been provided, that is, when the passengers/cargo have flown. Passenger tickets and cargo air way bills are generally paid for in advance of transportation and are recognised, net of discounts (the transaction price), as current liabilities in the 'Sales in advance of carriage" until the passenger/cargo has flown. As the services are to be provided to the customers at a specific point in time, the performance obligation is satisfied when the passenger/cargo has flown. The transaction price on the tickets and air way bills for passengers and cargo, respectively, are pre-determined when the tickets and air way bills are issued; and these are not constrained.

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4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition (Cont'd)

Disaggregation of revenue, performance obligations and significant judgments applied under IFRS 15: (Cont'd)

Type of service	Source of revenue	Nature, timing of satisfaction of performance obligations, significant payment terms
• Transportation / carriage services	Redemption revenue of miles on Customer Loyalty Programme (Kestrelflyer)	Redemption revenue received for the issuance of points is deferred as a liability (sales in advance on carriage) until the miles are redeemed or the passenger is flown in the case of flights redemptions. Redemption revenue is based on their relative stand-alone selling price (measured using the estimated ticket value method based on historical statistical data), adjusted for expected expiry and the extent to which the demand for an award cannot be met. Redemption revenue is recognised at the point when the miles are expired or redeemed by the customer.
• Ground handling operations services, hotel and holiday and commissions	Other revenue	Other revenue including handling; hotel and holiday and commissions is recognised as the related performance obligation is satisfied (normally on a 30 days payment terms) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation. Other revenue is recognised when the services have been rendered (i.e. the performance obligation has been performed). Hence, other revenue is recognised at a point in time.
Transportation / carriage services	Purged revenue	Unused tickets and air way bills included in "sales in advance of carriage" are recognised as revenue (purged) after twelve months from the lapsed travel date. Given that unused tickets and air way bills expire after twelve months of planned uplift date, those amounts included in "sales in advance of carriage" are recognised as revenue (purged) after twelve months. Therefore, purged revenue is recognised at a point in time.

(t) Operating segment

For management purposes, the Group was organised into business units based on their services and the operating segments were aircraft operations, ground operations, investment property, hotel and restaurant services and call centre. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance was evaluated based on operating profit or loss and was measured consistently with operating profit or loss in the consolidated financial statements.

(u) Revenue from code sharing agreements

The Group and Company have entered into code sharing agreements with other airlines whereby income and costs on all flights are shared between the airlines as per agreed terms. The income derived from the code sharing agreements are recorded upon uplift of passengers and cargo on aircraft.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Finance income and finance cost

The Group's and Company's finance income and finance costs include:

- other interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the gains or losses on hedging instruments.

Interest income or expense is recognised as it accrues using the effective interest method. Dividend income is recognised as finance income when the Company's right to receive payment has been established.

(w) Non-current assets held for sale and discontinued operations

The Group and Company classify non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(x) Fair value measurement

The Group and Company measure financial instruments, such as, derivatives, and non-financial assets such as investment property, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and Company.

4. ACCOUNTING POLICIES (CONT'D)

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Fair value measurement (Cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group and Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to
measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated and separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated and separate financial statements on a recurring basis, the Group and Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(y) Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity. When shares are issued at a price above its par value, the excess between the issue price and par value is recorded in share premium.

(z) Government grants

Grants that compensate the Group and the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

As an airline with worldwide operations, the Group and Company are exposed to financial risks relating to fluctuations in exchange rate, jet fuel price and interest rate movements, as well as credit and liquidity risks.

The fundamental objective of financial risk management at Group level is to protect and, where possible, improve on future budgeted and forecast cash flows, and the financial performance and financial position of the Group and Company by:

- Protecting the Group and Company from adverse market movements that manifest as financial downside for the business and endanger stakeholders (shareholder, employees and the community), and threaten the sustainability and competitive position and reputational risk of the Group in the market; and
- Reducing the volatility and resultant uncertainty of operating revenues and cash flows that result from financial market volatility.

The Board of Directors sets the Risk Management policies and objectives of the Group and Company, and lays down the parameters within which the various aspects of treasury risk management are operated. The Board through its Risk Management Steering Committee (RMSC) has approved a Risk Management Manual which outlines the Group's and Company's policies and procedures for managing corporate and asset financing and financial risks.

The Group and Company have various financial assets such as cash and cash equivalents, short-term deposits, trade and other receivables (excluding prepayments), long term deposits (excluding advance payments to aircraft manufacturers), long term investments, long term receivables, available-for-sale investments, and derivative financial assets which arise directly from its operations. The main risks arising from the Group's and Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, credit risk and fuel price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

The Group and Company enter into derivative transactions, primarily forward currency contracts and forward commodity contracts. The purpose is to manage the currency risks and jet fuel price risk arising from the Group's and Company's operations and its sources of finance.

i.Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's and Company's long term deposits (excluding advance payments to aircraft manufacturers), long term investments, long term receivables, trade and other receivables (excluding prepayments), derivative financial assets, short-term deposits, and cash at bank. Receivable balances are monitored on an ongoing basis with the result that the Group's and Company's exposure to bad debts is not significant. Cash and cash equivalents (excluding cash in hand) and derivative financial assets are placed in banks and/or financial institutions with good credit rating.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

i. Credit risk (Cont'd)

Exposure to credit risk

At the reporting date, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated and separate statements of financial position.

	2021	**Maximum credit exposure 2021**	2020	Maximum credit exposure 2020
The Group	**EUR'000**	**EUR'000**	EUR'000	EUR'000
Trade and other receivables	**10,232**	**10,232**	16,395	16,395
Cash at bank	**13,432**	**13,432**	48,888	48,888
Short-term deposits	**1,057**	**1,057**	580	580
Long term deposits	**9,416**	**9,416**	8,966	8,966
Long term investments	**212**	**212**	1,390	1,390
Long term receivables	**137**	**137**	121	121
Derivative financial assets	**-**	**-**	260	260
	34,486	**34,486**	76,600	76,600

	2021	**Maximum credit exposure 2021**	2020	Maximum credit exposure 2020
The Company	**EUR'000**	**EUR'000**	EUR'000	EUR'000
Trade and other receivables	**10,423**	**10,423**	16,934	16,934
Cash at bank	**12,121**	**12,121**	47,033	47,033
Long term deposits	**9,416**	**9,416**	8,966	8,966
Long term receivables	**137**	**137**	121	121
Derivative financial assets	**-**	**-**	260	260
	32,097	**32,097**	73,314	73,314

Trade and other receivables

The Group's sales are made principally through International Air Transport Association (IATA), Cargo Accounts Settlement System (CASS) and Billing Settlement Plan (BSP) settlement systems. As such, the credit risk arising from defaults from travel agents, other airlines, forwarding agents and tour operators are considerably reduced. The Group and Company also trade directly with recognised creditworthy third parties. It is the Group's and Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 17. There are no significant concentrations of credit risk within the Group and Company.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

i. Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

Expected credit losses for trade and other receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group and Company assume that the credit risk on financial assets has increased significantly if it is more than 30 days past due. The Group and Company considers a financial asset to be default when the financial asset is more than 90 days past due. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the above maximum exposure table. The Company does not hold collateral as security nor letters of credit and other forms of credit insurance.

Set out in Note 17 is the information about the credit risk exposure and credit quality on the Group's and Company's trade receivables using a provision matrix.

Cash and cash equivalents and short-term deposits

The Group and the Company held cash at bank amounting to **Eur 13,432K** and **Eur 12,121K** at March 31, 2021 (2020: Eur 48,888K and Eur 47,033K) and short-term deposits amounting to **Eur 1,057K** (2020: EUR 580K) for the Group. Cash and cash equivalents and short-term deposits are held with bank and financial institution counterparties, which are rated at least investment grade based on Moody's (Baa3), Fitch (BBB-) and Standard & Poor (BBB-). Accordingly, ECL on these financial assets were assessed as being immaterial.

The Group and the Company have bank guarantees with certain banks totalling **Eur 1,574K** (2020 EUR 1,189K) as at March 31, 2021.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated at least investment grade based on Moody's (Baa3), Fitch (BBB-) and Standard & Poor (BBB-).

ii. Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

ii. Liquidity risk (Cont'd)

The Group and Company monitor their risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial obligations and approved projected cash flows from operations. Management also carries out a regular review of the facilities it has in place with its banking partners to ensure it has access to sufficient financing in case of liquidity needs at all times. As explained in note 4.3, Going concern, the Group and Company have also been provided a legally binding letter of support from Airports Holdings Ltd ("AHL"), the holding company of the Company.

The table below summarises the maturity profile of the Group's and Company's financial liabilities at March 31, based on contractual undiscounted payments.

The Group

At March 31, 2021	Carrying amount	On demand	Less than 3 months	3 to 12 months	Above 1 year	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Loans and borrowings	609,905	-	-	188,710	495,254	683,964
Derivative financial liabilities	8,017	-	84	7,933	-	8,017
Trade and other payables	86,229	-	17,416	68,813	-	86,229
Total	704,151	-	17,500	265,456	495,254	778,210

The Group

At March 31, 2020	Carrying amount	On demand	Less than 3 months	3 to 12 months	Above 1 year	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Loans and borrowings	733,450	-	-	164,234	652,457	816,595
Derivative financial liabilities	25,333	-	-	-	25,333	25,333
Trade and other payables	53,421	-	-	53,421	-	53,421
Total	812,204	-	-	217,655	677,790	895,349

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

ii. Liquidity risk (Cont'd)

The Company

At March 31, 2021	Carrying amount	On demand	Less than 3 months	3 to 12 months	Above 1 year	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Non-derivative financial liabilities						
Loans and borrowings	**609,905**	**-**	**-**	**188,710**	**495,254**	**683,964**
Derivative financial liabilities	**8,017**	**-**	**84**	**7,933**	**-**	**8,017**
Trade and other payables	**87,060**	**-**	**18,239**	**68,821**	**-**	**87,060**
Total	**704,982**	**-**	**18,323**	**265,464**	**495,254**	**779,041**

The Company

At March 31, 2020	Carrying amount	On demand	Less than 3 months	3 to 12 months	Above 1 year	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Non-derivative financial liabilities						
Loans and borrowings	733,354	-	-	164,138	652,457	816,595
Derivative financial liabilities	25,333	-	-	-	25,333	25,333
Trade and other payables	54,184	1,224	-	52,960	-	54,184
Total	812,871	1,224	-	217,098	668,645	896,112

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or the value of their holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters while optimising return.

The Group and Company make use of derivative financial instruments to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Steering Committee (RMSC). Normally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Interest rate risk

The Group's and Company's earnings are exposed to changes in interest rates as they finance their aircraft principally in Euro and US dollars. Changes in interest rates of the Euro zone and US will therefore impact on the cash flows, profits and equity of the Group and Company, when the financing is based on floating rate terms. The Group and Company mitigate this risk by having a loan portfolio which carries both fixed and floating rates. As at March 31, 2021, none of the Group's and Company's borrowings were at a fixed rate of interest (2020: Nil).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iii. Market risk (Cont'd)

Interest rate risk table (Cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit or loss and equity (through the impact on floating rate borrowings).

The Group and the Company

	Increase/ decrease in basis points	Effect on profit or loss/equity
		€'000
2021		
Financial instruments denominated in Eur	**+15**	**(2)**
Financial instruments denominated in USD	**+10**	**(13)**
Financial instruments denominated in Eur	**-15**	**2**
Financial instruments denominated in USD	**-10**	**13**
2020		
Financial instruments denominated in Eur	+15	(3)
Financial instruments denominated in USD	+10	(15)
Financial instruments denominated in Eur	-15	3
Financial instruments denominated in USD	-10	15

Commodity price risk

One of the Group's and Company's principal variable cost components is jet fuel. The price of jet fuel is indexed according to international commodity prices and accordingly the Group's and Company's profitability are exposed to commodity price risk. The risk associated to fluctuations in the price of jet fuel is managed by various hedging techniques as well as the use of a fuel surcharge, whereby some of the cost is passed on to the customer.

The following table demonstrates the sensitivity to a reasonably possible change in fuel price, with all other variables held constant, of the Group's and Company's profit or loss and equity. As at March 31, 2021, the fair value of the Group's and Company's derivative financial assets and liabilities relating to commodity hedges was **NIL and Eur (7,967K)** (2020: derivative financial assets NIL and derivative financial liabilities of Eur (25,333K) (refer to note 21 (a)).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iii. Market risk (Cont'd)

Commodity price risk (Cont'd)

The Group and the Company

	Increase/ decrease in USD	Effect on profit or loss	Effect on equity
		€'000	€'000
2021			
Increase in fuel price	**+10**	**(1,581)**	**(1,581)**
Decrease in fuel price	**-10**	**1,581**	**1,581**
2020			
Increase in fuel price	+10	(13,635)	(13,635)
Decrease in fuel price	-10	13,635	13,635

Foreign currency risk

Revenue is generated principally in Euro because the principal market of the Group is Europe, while USD mainly influences the determination of costs as fuel expenses are borne in USD. Therefore, the prospective cost in non-euro operations will be hedged in this manner to a level of between 30% and 70%.

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 34% of the Group's sales are denominated in the functional currency of the operating unit making the sale, whilst almost 43% of costs are denominated in USD. The forward currency contracts must be in the same currency as the hedged item.

The Group manages its foreign currency risk by hedging transactions that are expected to occur in mainly USD by using foreign currency swaps and forwards. It is the Group's policy to negotiate the terms of the hedge derivatives to match the term of the hedged item to maximise hedge effectiveness.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate in relation to Euro by **5%** (2020: 2%), with all other variables held constant, of the Group's profit or loss (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward exchange contracts). The change in **5%** (2020: 2%) refers to the management's estimate of reasonable possible changes in exchange rates for next financial year.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iii. Market risk (Cont'd)

Foreign currency risk (Cont'd)

The Group and the Company

	Increase/ decrease in US dollar rate*	Effect on profit or loss	Effect on equity
		€'000	€'000
2021	**+5%**	**(479)**	**(479)**
	-5%	**479**	**479**
2020	**+2%**	(287)	(287)
	-2%	287	287

iv. Hedging

The Risk Management Steering Committee sets out the objectives and policies for hedging transactions in order to mitigate exposure on changes in foreign exchange rates and fuel prices. The Group's and Company's hedging policies are risk averse. As such, derivatives are not used to generate profits but to hedge against anticipated exposures.

As derivatives are only used for the purposes of risk management, they do not expose the Group and Company to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or costs being hedged, except to the extent that the hedge is ineffective.

Foreign currency risks in relation to expected disbursements denominated in USD are hedged by using forward contracts and options based on the budgeted USD cash outflow in the future. These forward contracts and commodity contracts are rarely taken for a period of more than one year.

Fuel-hedging instruments are used to protect the Group and Company against sudden and significant increases in fuel prices while ensuring that the Group and Company are not significantly affected in the event of a substantial fall in the price of fuel.

When a derivative is entered into for the purpose of being a hedge, the Group and Company negotiate the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iv. *Hedging (Cont'd)*

The movement in derivative financial instruments (cash flow hedges) are as follows:

	2021		2020	
	Currency derivatives	**Commodity derivatives**	Currency derivatives	Commodity derivatives
	€000	**€000**	€000	€000
At April 01,	**260**	**(17,116)**	3,034	(248)
Movement during the year				
Hedge (receipts) / payouts	**(529)**	**5,946**	(3,022)	2,592
Fair value movement	**219**	**11,136**	248	(19,460)
At March 31,	**(50)**	**(34)**	260	(17,116)

v. *Capital risk management*

The primary objective of the Group's and Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. In order to achieve overall capital management objectives, the Group and Company, amongst other things, aim to ensure that they meet financial covenants attached to the loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any loans and borrowing in the current period. The Group and Company were not subject to any externally imposed capital requirements during the years ended March 31, 2021 and March 31, 2020.

The Group and Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended March 31, 2021 and March 31, 2020.The Group and Company monitor capital using a gearing ratio, which is loans and borrowings divided by equity. The Group's and Company's policy are to keep the gearing ratio at a reasonable level which is 1:1. Loans and borrowings exclude derivatives.

	The Group		**The Company**	
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Loans and borrowings	**609,905**	733,450	**609,905**	733,354
Equity	**(307,592)**	(233,215)	**(304,608)**	(232,641)
Debt to equity ratio *	**-**	-	**-**	-

* Debt to equity ratio is not applicable for year end 2021 and 2020 as the Group and Company have shareholders' deficit for the financial year end 2021 and 2020.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

vi. Fair value of financial instruments

The fair value details of financial assets and liabilities are disclosed in Note 34. The tables below set out comparison by category and class of carrying amounts and fair values of all of the Group's and Company's financial instruments.

The Group	**Category 2021**	Category 2020	**Carrying amount**		**Fair value**	
			2021	2020	**2021**	2020
			€'000	€'000	**€'000**	€'000
Financial assets						
Cash and cash equivalents	A.C	A.C	**13,461**	48,922	**13,461**	48,922
Trade and other receivables	A.C	A.C	**10,232**	16,395	**10,232**	16,395
Long term receivables	A.C	A.C	**137**	121	**137**	121
Short-term deposits	A.C	A.C	**1,057**	580	**1,057**	580
Long-term deposits	A.C	A.C	**9,416**	8,966	**9,416**	8,966
Long term investments	A.C	A.C	**212**	1,390	**212**	1,390
Derivative financial assets	F.V.P.L	F.V.P.L	**-**	260	**-**	260
Financial liabilities						
Trade and other payables	A.C	A.C	**(86,229)**	(53,421)	**(86,229)**	(53,421)
Derivative financial liabilities	F.V.P.L	F.V.P.L	**(8,017)**	(25,333)	**(8,017)**	(25,333)
Loans and borrowings (including bank overdraft)	A.C	A.C	**(609,905)**	(733,450)	**(609,905)**	(733,450)

The Company	**Category 2021**	Category 2020	**Carrying amount**		**Fair value**	
			2021	2020	**2021**	2020
			€'000	€'000	**€'000**	€'000
Financial assets						
Cash and cash equivalents	A.C	A.C	**12,150**	47,067	**12,150**	47,067
Trade and other receivables	A.C	A.C	**10,423**	16,934	**10,423**	16,934
Long term receivables	A.C	A.C	**137**	121	**137**	121
Long-term deposits	A.C	A.C	**9,416**	8,966	**9,416**	8,966
Derivative financial assets	F.V.P.L	F.V.P.L	**-**	260	**-**	260
Financial liabilities						
Trade and other payables	A.C	A.C	**(87,060)**	(54,184)	**(87,060)**	(54,184)
Derivative financial liabilities	F.V.P.L	F.V.P.L	**(8,017)**	(25,333)	**(8,017)**	(25,333)
Loans and borrowings (including bank overdraft)	A.C	A.C	**(609,905)**	(733,354)	**(609,905)**	(733,354)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

vi. Fair value of financial instruments (Cont'd)

The fair values of derivatives and loans and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rate. The fair values of other financial assets have been calculated using market interest rates. Given the short term nature of the short-term financial instruments, management believes that the carrying amounts are a reasonable approximation of their fair values. Long term loans and borrowings have been contracted with financial institutions and carry variable interest rates which are at par with market rates. Therefore, the amortised cost approximates the fair value. As such, their carrying value approximates their fair value.

The fair value of the long term investments amounting to **Eur 212K** (2020: Eur 1,390K) is not materially different from its carrying amount. Their maturity periods range from 2 to 4 years. The fair value of the long term investments is currently classified under Level 2. The fair value has been determined by discounting the future cash flows using the latest yield on treasury bonds issued by the Bank of Mauritius. The estimated fair value would increase / (decrease) if the yield on treasury bonds falls or rises accordingly.

Categories:
A.C – Amortised cost
F.V.P.L - Fair value through profit or loss
F.V.O.C.I – Fair value through other comprehensive income

The Group and Company have cash flow hedges which are classified under level 2.

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6. PROPERTY, PLANT AND EQUIPMENT

The Group	Aircraft on lease	Aircraft & accessories	Aircraft spares	Airframe & engine overhaul	Buildings & hangars on leasehold land	Plant & equipment	Furniture & fittings	Computer & office equipment	Motor vehicles	ROU Fleet	ROU office space	ROU motor vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost													
At April 01, 2019	58,806	330,335	34,237	38,348	38,317	21,836	6,909	11,558	1,944	-	-	-	542,290
Adoption of IFRS 16	(58,806)	-	-	-	-	-	-	-	-	501,935	8,460	174	451,763
Lease modification	-	-	-	-	-	-	-	-	-	-	2,845	-	2,845
Additions (refer to note (e) below)	-	13,687	3,146	14,645	741	203	152	948	69	284,992	-	-	318,583
Disposals	-	(21,420)	(337)	(10,123)	-	(175)	(54)	(148)	(86)	(9,069)	(3,291)	-	(44,703)
Exchange differences	-	(102)	(12)	(50)	(265)	-	(11)	(17)	(2)	-	(17)	-	(476)
At March 31, 2020	-	322,500	37,034	42,820	38,793	21,864	6,996	12,341	1,925	777,858	7,997	174	1,270,302
At April 01, 2020	**-**	**322,500**	**37,034**	**42,820**	**38,793**	**21,864**	**6,996**	**12,341**	**1,925**	**777,858**	**7,997**	**174**	**1,270,302**
Lease Modification (refer to note (f) below)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(82,990)**	**(1,553)**	**(148)**	**(84,691)**
Reclassification to assets held for sale (note 35)	**-**	**(270,753)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(270,753)**
Additions	**-**	**-**	**101**	**485**	**7**	**12**	**2**	**69**	**-**	**-**	**-**	**-**	**676**
Disposals	**-**	**-**	**(78)**	**(315)**	**(170)**	**(530)**	**(73)**	**(499)**	**(27)**	**-**	**(226)**	**-**	**(1,918)**
Exchange differences	**-**	**(89)**	**(10)**	**(48)**	**-**	**-**	**(9)**	**(10)**	**(2)**	**-**	**(17)**	**-**	**(185)**
At March 31, 2021	**-**	**51,658**	**37,047**	**42,942**	**38,630**	**21,346**	**6,916**	**11,901**	**1,896**	**694,868**	**6,201**	**26**	**913,431**
Accumulated Depreciation/Impairment													
At April 01, 2019	25,275	259,988	24,373	17,292	26,407	18,684	6,557	10,298	1,755	-	-	-	390,629
Adoption of IFRS 16	(25,275)	-	-	-	-	-	-	-	-	25,275	-	-	-
Depreciation for the year	-	16,488	2,004	11,057	970	957	129	1,000	80	53,014	1,917	65	87,681
Disposals	-	(21,420)	(297)	(9,960)	-	(175)	(54)	(142)	(86)	(9,057)	(518)	-	(41,709)
Impairment loss	-	30,991	1,079	21,660	-	-	-	-	-	106,995	-	-	160,725
Exchange differences	-	(98)	(9)	(39)	(100)	-	(11)	(17)	(2)	-	(10)	-	(286)
At March 31, 2020	-	285,949	27,150	40,010	27,277	19,466	6,621	11,139	1,747	176,227	1,389	65	597,040
At April 01, 2020	**-**	**285,949**	**27,150**	**40,010**	**27,277**	**19,466**	**6,621**	**11,139**	**1,747**	**176,227**	**1,389**	**65**	**597,040**
Depreciation for the year	**-**	**452**	**1,377**	**1,260**	**855**	**905**	**66**	**606**	**61**	**58,574**	**1,510**	**22**	**65,688**
Lease Modification (refer to note (f) below)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(35,822)**	**(859)**	**(78)**	**(36,759)**
Disposals	**-**	**-**	**(67)**	**(314)**	**(169)**	**(530)**	**(73)**	**(495)**	**(27)**	**-**	**-**	**-**	**(1,675)**
Reclassification to assets held for sale (note 35)	**-**	**(254,252)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(254,252)**
Impairment loss charged	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,084**	**-**	**-**	**9,084**
Exchange differences	**-**	**(89)**	**(9)**	**(44)**	**-**	**-**	**(9)**	**(10)**	**(2)**	**-**	**(11)**	**-**	**(174)**
At March 31, 2021	**-**	**32,060**	**28,451**	**40,912**	**27,963**	**19,841**	**6,605**	**11,240**	**1,779**	**208,063**	**2,029**	**9**	**378,952**
Carrying amounts													
At March 31, 2021	**-**	**19,598**	**8,596**	**2,030**	**10,667**	**1,505**	**311**	**661**	**117**	**486,805**	**4,172**	**17**	**534,479**
At March 31, 2020	-	36,551	9,884	2,810	11,516	2,398	375	1,202	178	601,631	6,608	109	673,262

(a) Aircraft and accessories amounting to **Eur 2.8M** have been pledged as security against borrowings of the Group (2020: Eur 2.8M).
(b) Refer to Note 30 for capital expenditure commitments.
(c) There are no temporarily idle property, plant and equipment.
(d) Refer to accounting policy 4.4 for change in estimate with respect to re-assessment of residual values.
(e) During the year ending March 31, 2020 the Company has acquired two aircrafts by means of Japanese Operating Lease with call option ("JOLCO") for a total consideration of **Eur 284,992K**.
(f) The lease modification relates to the remeasurement of right of use assets following renegotiation of the contracts with the lessors of aircrafts and office space and motor vehicles.

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Aircraft on lease	Aircraft & accessories	Aircraft spares	Airframe & engine overhaul	Buildings & hangars on leasehold land	Plant & equipment	Furniture & fittings	Computer & office equipment	Motor vehicles Owned/leased	ROU Fleet	ROU Office space	ROU Motor	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost													
At April 01, 2019	58,806	329,223	34,108	37,916	35,492	21,850	6,738	11,394	1,955	-	-	-	537,482
Adoption of IFRS 16	(58,806)	-	-	-	-	-	-	-	-	501,935	8,200	174	451,503
Lease Modification	-	-	-	-	-	-	-	-	-	-	2,845	-	2,845
Additions (refer to note (e) below)	-	13,687	3,146	14,645	741	203	152	945	69	284,829	-	-	318,417
Disposals	-	(21,420)	(337)	(10,123)	-	(175)	(54)	(148)	(86)	(9,069)	(3,291)	-	(44,703)
At March 31, 2020	-	321,490	36,917	42,438	36,233	21,878	6,836	12,191	1,938	777,695	7,754	174	1,265,544
At April 01, 2020	-	**321,490**	**36,917**	**42,438**	**36,233**	**21,878**	**6,836**	**12,191**	**1,938**	**777,695**	**7,754**	**174**	**1,265,544**
Lease Modification (refer to note (f) below)	-	-	-	-	-	-	-	-	-	**(82,990)**	**(1,553)**	**(148)**	**(84,691)**
Reclassification to assets held for sale (note 35)	-	**(270,753)**	-	-	-	-	-	-	-	-	-	-	**(270,753)**
Additions	-	-	**101**	**485**	**7**	**12**	**2**	**69**		-	-	-	**676**
Disposals	-	-	**(78)**	**(315)**	**(170)**	**(530)**	**(73)**	**(499)**	**(27)**	-	-	-	**(1,692)**
At March 31, 2021	-	**50,737**	**36,940**	**42,608**	**36,070**	**21,360**	**6,765**	**11,761**	**1,911**	**694,705**	**6,201**	**26**	**909,084**
Accumulated Depreciation/Impairment													
At April 01, 2019	25,275	259,030	24,296	17,130	25,428	18,673	6,447	10,145	1,733	-	-	-	388,157
Adoption of IFRS 16	(25,275)	-	-	-	-	-	-	-	-	25,275	-	-	-
Depreciation	-	16,338	1,974	10,691	901	957	127	997	78	53,014	1,761	65	86,903
Disposals	-	(21,420)	(297)	(9,960)	-	(175)	(54)	(142)	(86)	(9,057)	(518)	-	(41,709)
Impairment loss	-	30,991	1,079	21,660	-	-	-	-	-	106,995	-	-	160,725
At March 31, 2020	-	284,939	27,052	39,521	26,329	19,455	6,520	11,000	1,725	176,227	1,243	65	594,076
At April 01, 2020	-	**284,939**	**27,052**	**39,521**	**26,329**	**19,455**	**6,520**	**11,000**	**1,725**	**176,227**	**1,243**	**65**	**594,076**
Depreciation	-	**452**	**1,377**	**1,260**	**855**	**905**	**65**	**605**	**61**	**58,574**	**1,412**	**22**	**65,588**
Lease Modification (refer to note (f) below)	-	-	-	-	-	-	-	-	-	**(35,822)**	**(859)**	**(78)**	**(36,759)**
Disposals	-	-	**(67)**	**(314)**	**(169)**	**(530)**	**(73)**	**(495)**	**(27)**	-	-	-	**(1,675)**
Reclassification to assets held for sale (note 35)	-	**(254,252)**	-	-	-	-	-	-	-	-	-	-	**(254,252)**
Impairment loss charged	-	-	-	-	-	-	-	-	-	**9,084**	-	-	**9,084**
At March 31, 2021	-	**31,139**	**28,362**	**40,467**	**27,015**	**19,830**	**6,512**	**11,110**	**1,759**	**208,063**	**1,796**	**9**	**376,062**
Carrying amounts													
At March 31, 2021	-	**19,598**	**8,578**	**2,141**	**9,055**	**1,530**	**253**	**651**	**152**	**486,642**	**4,405**	**17**	**533,022**
At March 31, 2020	-	36,551	9,865	2,917	9,904	2,423	316	1,191	213	601,468	6,511	109	671,468

(a) Aircraft and accessories amounting to **Eur 2.8M** have been pledged as security against borrowings of the Group (2020: Eur 2.8M).
(b) Refer to Note 30 for capital expenditure commitments.
(c) There are no temporarily idle property, plant and equipment.
(d) Refer to accounting policy 4.4 for change in estimate with respect to re-assessment of residual values.
(e) During the year ending March 31, 2020 the Company has acquired two aircrafts by means of Japanese Operating Lease with call option ("JOLCO") for a total consideration of **Eur 284,829K**.
(f) The lease modification relates to the remeasurement of right of use assets following renegotiation of the contracts with the lessors of aircrafts and office space and motor vehicles

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group and the Company have presented right-of-use assets that do not meet the definition of investment property within property, plant and equipment.

The Group	**2021**	2020
	€'000	€'000
Property, plant and equipment owned	**43,485**	64,914
Right-of-use assets, except for investment property	**490,994**	608,348
At March 31,	**534,479**	673,262

The Company	**2021**	2020
	€'000	€'000
Property, plant and equipment owned	**41,958**	63,380
Right-of-use assets	**491,064**	608,088
At March 31,	**533,022**	671,468

Impairment loss

During the year ending March 2021, 31, the Group and the Company have recognised an impairment loss of **Eur 9M** (2019: Eur 160.7M) on its aircraft, aircraft and accessories, aircraft spares and airframe & engine overhaul. The impairment recognised is mainly due to the impact of COVID-19 on the operation of the aircraft .

The recoverable amounts for the aircraft, aircraft and accessories, aircraft spares and airframe & engine overhaul were based on the higher of their fair value less costs to sell (FVLCTS) and value in use (VIU). Fair value less costs to sell is based on available market data. Value in use is determined by discounting cash flows to be generated from their continuing use up to expected retirement date. The carrying amounts were determined to be higher than their recoverable amounts and an impairment loss has been booked during the year under review. The carrying amount and the recoverable amount of the aircraft, aircraft and accessories, aircraft spares and airframe & engine overhaul as at March 2021, 31 are summaried below:

March 31,2021

The Group and the Company	**Carrying amount**	**Recoverable amount - Higher of FVLCTS and VIU**	**Impairment charge for the year**	**Cummulative impairment loss**
	€'000	**€'000**	**€'000**	**€'000**
Aircraft	**495,726**	**486,642**	**9,084**	**116,079**
Aircraft and accessories	**19,598**	**19,598**	**-**	**30,991**
Aircraft spares	**8,578**	**8,578**	**-**	**1,079**
Airframe & Engine Overhaul	**2,141**	**2,141**	**-**	**21,660**
	526,043	**516,959**	**9,084**	**169,809**

March 31,2020

The Group and the Company	**Carrying amount**	**Recoverable amount - Higher of FVLCTS and VIU**	**Impairment charge for the year**	**Cummulative impairment loss**
	€'000	**€'000**	**€'000**	**€'000**
Aircraft	708,463	601,468	106,995	106,995
Aircraft and accessories	67,542	36,551	30,991	30,991
Aircraft spares	10,944	9,865	1,079	1,079
Airframe & Engine Overhaul	24,577	2,917	21,660	21,660
	811,526	650,801	160,725	160,725

Air Mauritius Limited's fleet comprises of fifteen aircraft and each aircraft type is considered as a cash generating unit (CGU) for impairment purposes. The carrying amounts and recoverable amounts per aircraft type are as follows:

March 31,2021

Cash Generating Unit (CGU)	**Carrying amount**	**Recoverable amount - FVLCTS**	**Recoverable amount - VIU**	**Impairment charge for the year**
	€'000	**€'000**	**€'000**	**€'000**
A340-312C	**5,030**	**4,520**	**-**	**510**
A330-202	**22,573**	**17,573**	**-**	**5,000**
A350-900	**14,822**	**11,981**	**-**	**2,841**
A350-900	**301,398**	**-**	**357,981**	**-**
A330-900Neo	**116,694**	**-**	**115,961**	**733**
ATR72-500	**845**	**2,904**	**-**	**-**
ATR72-500	**3,595**	**-**	**6,039**	**-**
Other assets - not subject to impairment assessment				
Aircraft spares	**8,016**			
Airframe & Engine Overhaul	**41,460**			
Return conditions	**11,610**			
	526,043	**36,978**	**479,981**	**9,084**

March 31,2020

Cash Generating Unit (CGU)	**Carrying amount**	**Recoverable amount - FVLCTS**	**Recoverable amount - VIU**	**Impairment charge for the year**
	€'000	**€'000**	**€'000**	**€'000**
A340-312C	46,930	5,030	-	41,900
A330-202	59,948	33,904	-	26,044
A319-112	26,652	14,822	-	11,830
A350-900	230,931	-	304,207	-
A350-900	207,947	-	143,867	64,080
A330-900Neo	154,680	140,200	-	14,480
ATR72-500	2,691	3,540	-	-
ATR72-500	7,622	5,231		2,391
Other assets - not subject to impairment assessment				
Aircraft spares	10,378			
Airframe & Engine Overhaul	49,821			
Return conditions	13,926			
	811,526	202,727	448,074	160,725

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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment loss (Cont'd)

The key assumptions used in the estimation of value in use are as follows:

	2021	2020
	%	**%**
Discount rate (pre-tax)	**3%**	3%
Passenger yield	**EUR 7 - 335**	EUR 7 - 335
Passenger load factor	**66% - 84%**	66% - 84%
Cargo yield	**Eur 1.16 - 2.33**	Eur 1.16 - 4.24
Estimated number of cargo carriage (kgs)	**21,537 - 4,597,673**	7,557 - 4,597,673

The key assumptions used in the estimation of fair value less costs to sell as follows:
Comparable transaction values for similar aircraft (which takes into account the effects of Covid-19) were used to estimate the fair value of the aircraft. Costs to sell have been considered to be immaterial based on historical trend of past aircraft sales. The comparable transaction values have been sourced from known aircraft appraisers published data and are considered level 2.

7. LEASE LIABILITIES

	The Group 2021	The Group 2020	**The Company 2021**	The Company 2020
	€'000	€'000	**€'000**	€'000
Maturity analysis – contractual undiscounted cash flows				
Less than one year	**109,490**	74,748	**109,490**	74,652
One to five years	**212,415**	279,857	**212,415**	279,857
More than five years	**282,839**	372,600	**282,839**	372,600
Total undiscounted lease liabilities at 31 March	**604,744**	727,205	**604,744**	727,109
Lease liabilities included in the statement of financial position at 31 March				
Current	**52,798**	62,528	**52,798**	62,432
Non-current	**531,123**	643,868	**531,123**	643,868
	583,921	706,396	**583,921**	706,300

Amounts recognised in profit or loss	**The Group 2021**	The Group 2020	**The Company 2021**	The Company 2020
	€'000	€'000	**€'000**	€'000
Interest on lease liabilities	**5,419**	15,210	**5,419**	15,210

8. INVESTMENT PROPERTY

The Group	**2021**	2020
	€'000	€'000
At April 01,	**9,697**	10,821
Exchange differences	**(852)**	(1,116)
Fair value loss	**(403)**	(8)
At March 31,	**8,442**	9,697

Investment property is stated at fair value which has been determined based on valuations performed by BREA Ltd, an accredited independent Chartered Valuer, as at March 31, 2021. The valuer is an industry specialist in valuing this type of investment property. The fair value of the property has been determined using the "Income Approach". The surveyor estimated the value of the property by an analysis of the expected income which will be generated by the property. As such the Discounted Cash Flow Model has been used for this exercise.This method involves the estimation and projection of a 5-year cash flow which involves mainly the rental income, the management costs and an exit value at the end of the fifth year.The present value of the the forecasted cash flow is then used to obtain an indication of the likely market value of the property. The property has been classified under Level 3 in the fair value hierarchy.
There is no restriction on the realisability of investment property or the remittance of income and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

		2021	2020
		€'000	€'000
(a)	**Rental income from the investment property (Note 26 (a))**	**1,191**	1,197
(b)	**Operating expenses arising on the investment property:**		
	- that generated rental income during the year	**511**	713
	- that did not generate rental income during the year	**349**	484

(c) **Description of valuation techniques used and key inputs to valuation on investment properties:**

	Valuation technique	Significant unobservable Inputs	Range
Retail properties		Rent growth p.a.	3%
		Long-term vacancy year	5 years
	DCF method	Void period for vacant unit/upon expiry of contract	6-12 months
		Discount rate	9%
		Expense /Management costs	5%
Office properties	DCF method	Rent growth p.a.	3%
		Long-term vacancy year	5 years
		Void period for vacant unit/upon expiry of contract	6-12 months
		Discount rate	7.5%
		Expense /Management costs	5%

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/ (decreases) in estimated rental value per annum in isolation would result in a significantly higher/ (lower) fair value of the properties by **Eur 1.1M** . Significant increases / (decreases) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly (lower) / higher fair value by **Eur 1.1M** and **Eur 1.3M** respectively.

9. INTANGIBLE ASSETS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Carrying amount	**€'000**	€'000	**€'000**	€'000
Computer software	**117**	272	**109**	251
Goodwill on acquisition of subsidiary	**14**	14	**-**	-
	131	286	**109**	251

	THE GROUP Goodwill on acquisition of subsidiary		THE GROUP Computer software		THE COMPANY Computer software	
	2021	2020	**2021**	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Cost						
At April 01,	**14**	14	**6,266**	6,134	**6,177**	6,029
Additions	**-**	-	**-**	188	**-**	148
Disposal	**-**	-	**-**	(46)	**-**	-
Exchange differences	**-**	-	**(6)**	(10)	**-**	-
At March 31,	**14**	14	**6,260**	6,266	**6,177**	6,177
Amortisation						
At April 01,	**-**	-	**5,994**	5,512	**5,926**	5,407
Amortisation for the year	**-**	-	**153**	537	**142**	519
Disposal	**-**	-	**-**	(46)	**-**	-
Exchange differences	**-**	-	**(4)**	(9)	**-**	-
At March 31,	**-**	-	**6,143**	5,994	**6,068**	5,926
Carrying amount						
At March 31,	**14**	14	**117**	272	**109**	251

The gross carrying amount of fully amortised computer software that is still in use amount to Eur 5.9m (2020: Eur 5.9m).
Management has reviewed the carrying amount of goodwill and other intangible assets and does not consider there to be any impairment.
There are no restrictions on the title of the intangible assets and no amount pledged as security for liabilities.
There are no contractual commitments for the acquisition of intangible assets.

10. INVESTMENT IN SUBSIDIARIES

	2021	2020
The Company	**€'000**	€'000
Cost		
At April 01,	**27,051**	27,051
At April 01, and March 31,	**27,051**	27,051
Impairment		
At April 01,	**11,248**	-
Impairment charged for the year	**-**	11,248
At April 01, and March 31,	**11,248**	11,248
Carrying amount	**15,803**	15,803

Impairment
The Company accounts for investment in subsidiaries at cost. At the end of the financial year ending March 31, 2020, the carrying amount of the subsidiaries exceeded the recoverable amounts and as such, an impairment loss was recognised. The decrease in value of the investment in subsidiaries has been recognised against the cost of investments and reported the impairment in the statements of profit or loss as a separate line item. The carrying amount (prior to impairment charged) and the recoverable amount of the subsidiaries as at March 31, 2020 are summaried below:

	Cost €'000	Carrying amount €'000	Impairment €'000
Mauritius Estate Development Corporation Limited (MEDCOR)	25,707	15,459	10,248
Air Mauritius (S.A.) (Proprietary) Limited	-	-	-
Air Mauritius Holidays (Pty) Limited	14	-	14
Airmate Ltd	172	171	1
Mauritius Helicopter Limited	1,158	173	985
	27,051	15,803	11,248

The estimated recoverable amounts represent the fair value less cost to sell which has been determined based on the net assets of the subsidiaries measured on a fair value basis. The subsidiaries are property holding, dormant or start-up companies with limited operation and therefore their net asset values approximate their fair values. Therefore the net assets value of the subsidiaries have been used to determine their fair value less cost to sell at the reporting date. The unobservable input in the valuation relates to the net assets value of the subsidiaries and the valuation is classified under level 3 of the fair value hierarchy.

As at reporting date, no additional impairment loss was recognised on the investment in subsidiaries.

Details of the subsidiaries included in the Group financial statements are as follows:

Name of companies and activities	Country of incorporation and operation	Class of shares held	Nominal value of investment 2021	Nominal value of investment 2020	Percentage holding 2021 and 2020
			€'000	€'000	**%**
Management company					
Air Mauritius (S.A.) (Proprietary) Limited	South Africa	Ordinary	**0.1**	0.1	100%
Air Mauritius Holidays (Pty) Limited (Dormant)	Australia	Ordinary	**0.1**	0.1	100%
Mauritian Holidays Limited (Dormant)	England	Ordinary	**0.1**	0.1	100%
Investment property					
Mauritius Estate Development Corporation Limited (MEDCOR)	Mauritius	Ordinary	**15,459**	15,459	93.70%
Call centre					
Airmate Ltd	Mauritius	Ordinary	**171**	171	100%
Helicopter operations					
Mauritius Helicopter Limited	Mauritius	Ordinary	**173**	173	100%

The figures of Air Mauritius (S.A.) (Proprietary) Limited, Air Mauritius Holidays (Pty) Limited and Mauritian Holidays Limited, Air Mauritius Institute Co. Ltd are not considered to be material both individually and in aggregate to the Group figures. Therefore, these immaterial subsidiaries have not been consolidated.

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest

Non-controlling interest ("NCI") has been recognised at the proportionate share of the net assets of Mauritius Estate Development Corporation Limited. Investment in the Pointe Coton Resort Hotel Company Limited has been disposed during the year. The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

	31 March 2021	31 March 2020
	Mauritius Estate Development Corporation Limited	Mauritius Estate Development Corporation Limited
	€'000	€'000
NCI percentage	**6.30%**	6.30%
Non-current assets	**11,964**	14,822
Current assets	**3,359**	1,914
Non-current liabilities	**-**	-
Current liabilities	**(418)**	(487)
Net assets	**14,905**	16,249
Dividend to NCI	**-**	-
Net assets attributable to NCI	**1,037**	1,024
Revenue	**1,143**	1,197
Profit	**99**	121
OCI	**-**	-
Total comprehensive income	**99**	121
Profit allocated to NCI	**6**	8
OCI allocated to NCI	**-**	-
Cash flows from operating activities	**(370)**	675
Cash flows used in investing activities	**600**	(666)
Cash flows used in financing activities		
Net increase in cash and cash equivalents	**230**	9

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11. INVESTMENT IN AN ASSOCIATE

	2021	2020
The Group and the Company	**€'000**	€'000
Carrying value of investment in associate		
Cost		
At April 01,	**10,148**	102
Addition	**-**	10,046
Reclassification to assets held for sale (Note 35)	**(10,046)**	-
At April 01, and March 31,	**102**	10,148
Impairment		
At April 01,	**102**	102
Impairment charged for the year	**2,531**	-
Reclassification to assets held for sale (Note 35)	**(2,531)**	-
At April 01, and March 31,	**102**	102
Carrying amount	**-**	10,046

The Company

The Company had accounted for the investment in associate at cost less impairment. During the year ending March 31, 2020, the Company acquired 20% of Mauritius Duty Free Paradise Co. Ltd for non-cash consideration of Mur 405m (Eur 10m) through the issue of ordinary shares of the Company
The Mauritius Duty Free Paradise Co. Ltd (MDFP) operates duty free outlets at the Sir Seewooseesagur Ramgoolam International airport. Given that the Group has an equity interest of 20% in MDFP, it has therefore classified its interest in MDFP as an associate.

Summarised financial information of The Mauritius Duty Free Paradise Co. Ltd for the year ending June 30, 2021 is set out below:

	2021	2020
	€'000	€'000
Non-current assets	**11,554**	8,974
Current assets	**33,113**	37,968
Non-current liabilities	**3,976**	3,756
Current liabilities	**8,767**	3,820
Net assets	**31,924**	39,366
Revenue	**7,607**	46,091
(Loss)/Profit after tax and total comprehensive income for the year	**(7,442)**	1,112

The investment in The Mauritius Duty Free Paradise Co. Ltd has been reclassified to assets classified as held for sale as at March 31, 2021 (refer to Note 35).

The details on the associate, which is incorporated in Mauritius, are as follows:

Name of company	Activity	Country of operation	Class of shares held	Cost of investment		Percentage holding	
				2021	2020	**2021**	2020
				€'000	€'000	**%**	%
The Mauritius Shopping Paradise Co. Ltd	Dormant	Mauritius	Ordinary	**102**	102	**41.65%**	41.65%
The Mauritius Duty Free Paradise Co. Ltd	Duty free sale	Mauritius	Ordinary	**10,046**	10,046	**20.0**	20.0

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company have disposed all financial assets at fair value through other comprehensive income in prior year.

	2021	2020
	€'000	€'000
The Group and the Company		
At April 01,	**-**	585
Disposal	**-**	(407)
Reversal of fair value of investment disposed	**-**	(178)
At March 31,	**-**	-

The Group has disposed its financial assets at fair value through other comprehensive income during the year ending March 31, 2020 due to liquidity needs. The fair value of the investments at the date of derecognition was EUR 585k and the proceeds from disposal of investment was EUR 585k.

13. (a) LONG TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Security deposits on operating/finance leases	**10,026**	10,531	**10,026**	10,531
Effect of discounting on security deposits	**(610)**	(1,565)	**(610)**	(1,565)
Advance payments to aircraft manufacturers	**7,038**	7,478	**7,038**	7,478
	16,454	16,444	**16,454**	16,444

In terms of the contractual arrangement governing the lease / purchase of aircraft, deposits are paid to the lessors /aircraft manufacturer. The deposits bear no interest and are reimbursable at the end of the lease period for operating leases. The effect of discount on security deposits relates to the fall in value.

Advance payments relate to pre-delivery payments made to aircraft manufacturers for the acquisition of new aircraft

13. (b) LONG-TERM INVESTMENTS AND SHORT-TERM DEPOSITS

	THE GROUP	
	2021	2020
	€'000	€'000
At April 01,	**1,970**	6,389
Amortised discount on bonds	**3**	6
Amortised premium on bonds	**-**	(6)
Settlement	**(529)**	(3,832)
Expected credit loss	**-**	2
Exchange difference	**(175)**	(589)
As at March 31,	**1,269**	1,970

The Company's subsidiary did not purchased additional treasury bonds or treasury bills during the year. The treasury bonds term are for a period of 2 years, 3 years and 4 years and are non-renewable. The treasury bond bills and treasury bonds bears fixed interest ranging from 2.9% to 5.2%.

	2021	2020
	€'000	€'000
Within 1 year	**1,057**	580
After 1 year, but not more than 10 years	**212**	1,390
	1,269	1,970

The movement in the allowance for impairment in respect of long term investments during the year was as follows:

	THE GROUP	
	2021	2020
	€'000	€'000
Balance at 1 April	1	3
Charge for the year	-	(2)
Balance at 31 March	1	1

14. LONG TERM RECEIVABLES

	2021	2020
The Group and the Company	**€'000**	€'000
At April 01,	**121**	125
Interest accrued during the year	**23**	17
Repayments made during the year	**-**	(24)
Exchange difference	**(7)**	3
As at March 31,	**137**	121

The loans are unsecured, bear interest at a rate of LIBOR+1% per annum and are repayable in terms ranging between 2 to 10 years

15. DEFERRED TAX ASSET

	THE GROUP	
	2021	2020
	€'000	€'000
At April 01,	**139**	187
Exchange differences	**21**	8
Charge to profit or loss (Note 28)	**(18)**	16
Charge to other comprehensive income (Note 28)	**(14)**	(72)
At March 31,	**128**	139

Deferred tax assets are attributable to the following items:	**2021**	2020
	€'000	€'000
Provisions for bad debts	**23**	21
Employee benefit liabilities	**115**	105
Accelerated depreciation	**(10)**	13
	128	139

The deferred tax asset relates to accelerated depreciation and provisions for employee benefits in Airmate Ltd and Mauritius Estate Development Corporation Limited and has been computed at the current tax rate of **17%** (2020: 17%). The current tax rate includes income tax rate of 15% and charge for corporate social responsibility of 2%. The Group has recognised the deferred tax asset to the extent that future taxable profit will allow the deferred tax asset to be recovered.

Tax exemption of the Company

The Company is not taxable by virtue of an agreement with the Government of Mauritius. As such, given that the initial recognition of an asset or liability, at the time of the transaction, does not affect accounting profit or taxable profit therefore, no deferred tax are provided for in the separate financial statements of the Company.

16. INVENTORIES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
At cost	**€'000**	€'000	**€'000**	€'000
Aircraft spares	**24,755**	25,465	**24,755**	25,465
Cabin services	**1,840**	1,584	**1,840**	1,584
Ground support services	**1,964**	2,044	**1,964**	2,044
Others	**668**	637	**668**	637
Provision for obsolete inventory	**(21,496)**	(20,748)	**(21,496)**	(20,748)
	7,731	8,982	**7,731**	8,982

During the year, **Eur 2.3 M** (2020: Eur 8.8M) was recognised as an expense for inventories. Inventory write down during the year amounted to **Eur 307K**(2020: Eur 12.9M). No inventories were pledged as security for liabilities during the financial year.

17. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Trade receivables (net of allowances)	**10,232**	16,395	**9,813**	16,052
Receivable from subsidiaries	**-**	-	**610**	882
Other receivables	**19,086**	9,402	**18,894**	9,237
	29,318	25,797	**29,317**	26,171

Outstanding balances receivable from related parties, identified in Note 32, are included under trade and other receivables.

Trade receivables are non-interest bearing and are generally due on 30 - 90 days' terms. The movement in trade receivables balance is explained by payments made by debtors.

At March 31, 2021, trade receivables at nominal value of **Eur 16.2M** (2020: Eur 6.2M) for the Company were impaired and fully provided for. In assessing provision for impairment, the Company considers the historical factors for debtors exceeding 90 days who do not repay their debt.
Other receivables relates to prepayment of expenses and receivables other than trade receivables.

Expected credit losses on trade receivables:

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region ("ECL"), product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 5. The Company does not hold collateral as security nor letters of credit and other forms of credit insurance.
Set out below is the information about the credit risk exposure on the Group and Company's trade receivables using a provision matrix:

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2021:

The Group:

March 31, 2021	**Trade receivables**		
	Days past due - Eur		
	< 30 days	**30-90 days**	**> 90 days**
Expected credit loss rate	**0.13%**	**4.80%**	**17.82%**
Estimated total carrying amount at default (€'000)	**4,764**	**1,431**	**4,037**
Expected credit loss (€'000)	**6**	**23**	**719**

The Company:

March 31, 2021	**Trade receivables**		
	Days past due - Eur		
	< 30 days	**30-90 days**	**> 90 days**
Expected credit loss rate	**0.14%**	**4.80%**	**17.82%**
Estimated total carrying amount at default (€'000)	**4,345**	**1,431**	**4,037**
Expected credit loss (€'000)	**6**	**23**	**719**

17. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses on trade receivables (Cont'd):

The Group:

March 31, 2020	Trade receivables		
	Days past due - Eur		
	< 30 days	30-90 days	> 90 days
Expected credit loss rate	0.22%	1.12%	4.12%
Estimated total carrying amount at default (€'000)	4,838	7,068	4,489
Expected credit loss (€'000)	10	79	185

The Company:

March 31, 2020	Trade receivables		
	Days past due - Eur		
	< 30 days	30-90 days	> 90 days
Expected credit loss rate	0.22%	1.12%	4.12%
Estimated total carrying amount at default (€'000)	4,495	7,068	4,489
Expected credit loss (€'000)	10	79	185

The ECL for Company amounting to **Eur 748K** (2020: Eur 274K) for the year ended March 2021, 31 has been recognised in the Group's and the Company's financial statements. Additional impairment of **Eur 474K** (2020: Eur 274K) has been recognised in profit or loss during the year. The ECL on intercompany balances is considered to be immaterial and as such, no additional ECL has been recognised at the Company's level.

Trade receivables do not have a significant financing component and therefore, all impairment losses reccognised are based on 12-month ECL.

18. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Cash at bank	**13,432**	48,888	**12,121**	47,033
Cash in hand	**29**	34	**29**	34
	13,461	48,922	**12,150**	47,067
Bank overdraft (note 20)	**(438)**	-	**(438)**	-
	13,023	48,922	**11,712**	47,067

Cash resources of the Company include deposits totalling **Eur 0.3 M** (2020: Eur 0.3 M) which earn interest at rates ranging between **0.01% and 3%** per annum (2020: 0.01% and 3% per annum).

19. SHARE CAPITAL

The Group and the Company	**2021**	2020	**2021**	2020
	Number	Number	**€'000**	€'000
Authorised				
Ordinary shares of Rs 10 each	**200,000,000**	200,000,000	**81,566**	81,566
Issued and fully paid				
Ordinary shares of Rs 10 each	**129,305,000**	102,305,000	**48,421**	41,724
Ordinary shares issued during the year	**-**	27,000,000	**-**	6,697
In issue at 31 March	**129,305,000**	129,305,000	**48,421**	48,421

The ordinary shares are denominated in Mauritian rupees (Rs).

In June 2019, an Extraordinary General Meeting of Shareholders of the Company approved the issue of 27 million ordinary shares of Air Mauritius Limited to Airports of Mauritius Co. Ltd in order to acquire 20% of ordinary shares in Mauritius Duty Free Paradise Ltd for a total consideration of Mur 405m (Eur 10,046K). The nominal value of the shares issued was Eur 6,697K and a share premium of Eur 3,349K arose from the shares issued.

Any share in the Company may be issued either at par or at a premium or at a discount or by way of bonus and may, in accordance with any applicable enactment or rule of law, issue shares of no par value, and any shares issued by the Company may be issued with such preferred, deferred, other special rights or restrictions, whether in regard to dividend, voting, return of capital, or otherwise, on such terms and conditions and at such times and in such manner as the Company may by ordinary resolution determine.

20. LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Non-current				
Lease liabilities	**531,123**	643,868	**531,123**	643,868
	531,123	643,868	**531,123**	643,868
Current				
Bank overdraft (Notes 18 & 33 (a))	**438**	-	**438**	-
Bank loans	**25,546**	27,054	**25,546**	27,054
Lease liabilities	**52,798**	62,528	**52,798**	62,432
	78,782	89,582	**78,782**	89,486
Total loans and borrowings	**609,905**	733,450	**609,905**	733,354

(a) Details of the interest-bearing loans and borrowings are given in Note 33 (a).

(b) Reconciliation of opening and closing balance for liabilities arising from financing activities:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
At April 01, (excluding bank overdraft)	**706,396**	20,697	**706,300**	20,697
Assets purchased under lease	**-**	287,506	**-**	287,506
Assets capitalised as per IFRS 16 (non-cash)	**-**	436,949	**-**	436,689
Lease modification (non-cash)*	**(64,984)**	-	**(64,984)**	-
Repayment of lease	**(35,491)**	(47,657)	**(35,491)**	(47,493)
Repayment of lease non-cash item	**1,343**	623	**1,343**	623
Unrealised foreign exchange gain / (loss)	**(23,343)**	8,278	**(23,247)**	8,278
At March 31, (excluding bank overdraft)	**583,921**	706,396	**583,921**	706,300

*The lease modification is the reduction in lease liability following the renegotiation of the contracts with the lessors of aircrafts and office space and motor vehicles.

(c) Guarantees and securities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.
The Company's borrowings are secured by fixed charges over all aircraft on lease, aircraft and accessories.

(d) Bank loans relate to unsecured loans contracted with HSBC, Standard Chartered Bank and Barclays Bank Mauritius during the financial year at interest rates as disclosed in Note 33(a) and are repayable between 1-3 months .

21. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in USD.

Derivatives designated as hedging instruments also include the change in fair value of commodity forward contracts open at year end. The Group and Company are exposed to changes in the price of jet fuel on its forecast fuel purchases. The forward contracts do not result in physical delivery of jet fuel, but are designated as cash flow hedges to offset the effect of price changes in jet fuel. The Group and Company hedge approximately 50% of their expected fuel cost in the next reporting period. The remaining volume of jet fuel purchases is exposed to price volatility.

a) Hedging activities and derivatives

	2021			2020		
The Group and the Company	**Assets**	**Liabilities**	**Net**	Assets	Liabilities	Net
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Cash flow hedge						
Forward foreign exchange agreements	**-**	**(50)**	**(50)**	260	-	260
Commodity derivatives	**-**	**(34)**	**(34)**	-	(17,116)	(17,116)
	-	**(84)**	**(84)**	260	(17,116)	(16,856)
Fair value hedge						
Commodity derivatives	**-**	**(7,933)**	**(7,933)**	-	(8,217)	(8,217)
As at March 31,	**-**	**(8,017)**	**(8,017)**	260	(25,333)	(25,073)

The Group and the Company use foreign exchange forward contracts and commodity derivatives to manage some of their foreign currency risk exposures. The foreign exchange forward contracts are designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 24 months.

The amount relating to items designated as hedging instruments and hedge ineffectiveness were as follows

31 March 2021	**Nominal amount of the hedging instrument**	**Carrying amount of the hedging instrument**		**Line item in the statement of financial position where the hedging instrument is located**	**Change in fair value used to calculate hedge ineffectiveness**
		Assets	**Liabilities**		
Cash flow hedge					
Forward foreign exchange agreements	**260,870**	**-**	**(84)**	Derivative financial assets and Derivative financial liabilities	**-**
Commodity derivatives	**-**	**-**	**-**	Derivative financial assets and Derivative financial liabilities	**-**
Fair value hedge					
Commodity derivatives	**232,650**	**-**	**(7,933)**	Derivative financial assets and Derivative financial liabilities	**-**

31 March 2020	**Nominal amount of the hedging instrument**	**Carrying amount of the hedging instrument**		**Line item in the statement of financial position where the hedging instrument is located**	**Change in fair value used to calculate hedge ineffectiveness**
		Assets	**Liabilities**		
Cash flow hedge					
Forward foreign exchange agreements	5,068,287	260	-	Derivative financial assets and Derivative financial liabilities	**-**
Commodity derivatives	232,650	-	(17,116)	Derivative financial assets and Derivative financial liabilities	**-**
Fair value hedge					
Commodity derivatives	232,650	-	(8,217)	Derivative financial assets and Derivative financial liabilities	**-**

b) Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast transactions in mainly US dollar. These forecast transactions are highly probable, and they comprise about 30% of the Group's total expected dealings in US dollars.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognised in the profit or loss.

The cash flow hedges of the expected future transactions were assessed to be effective and a net unrealised gain of Eur **219** (2020: Eur 248K) relating to the hedging instruments, is included in OCI (Note 21(d)).

The amount removed from OCI during the year and included in the carrying amount of the hedged items as a basis adjustment for 2021 is detailed in Note 21(d) and totalled **Eur 529K** (2020: Eur 3.0M). The amounts retained in OCI at March 31, 2021 are expected to mature and affect the consolidated and separate statements of profit or loss and other comprehensive income in the financial year ended March 31,2021. Reclassifications of gains or losses from other comprehensive income to profit or loss during the year are shown in Note 21(d).

21. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONT'D)

c) Commodity price risk

The Group purchases jet fuel on an ongoing basis as its operating activities require a continuous supply of jet fuel for the airline services. The Group uses forward contracts and swaps to hedge against the increased volatility in jet fuel prices.

These contracts are expected to reduce the volatility attributable to price fluctuations of jet fuel. Hedging the price volatility of forecast jet fuel purchases is in accordance with the risk management strategy outlined by the Board of Directors. The hedging relationships are for a period between 1 and 24 months, based on existing purchase agreements.

As at March 31, 2021 the fair value of outstanding commodity forward contracts amounted to a liability of **Eur 34k** (2020: liability of Eur 17.2M). No ineffectiveness was recognised in the current year (2020: nil). The cumulative effective portion of **Eur 11.1** (2020: Eur 19.5M) is reflected in OCI and will affect the profit or loss in the year 2021.

d) Components of OCI

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
Cash flow hedges:		
Gains arising during the year		
Currency forward contracts		
Reclassification during the year to profit or loss	**(529)**	(3,022)
Net gain during the year of the not-yet matured contracts	**219**	248
Commodity forward contracts		
Reclassification during the year to profit or loss	**5,946**	2,592
Net gain/(loss) of the not-yet matured commodity forward contracts	**11,136**	(19,460)
	16,772	(19,642)

22. EMPLOYEE BENEFIT LIABILITIES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Amount of provisions recognised in the consolidated and separate statements of financial position:	**€'000**	€'000	**€'000**	€'000
Defined benefit pension schemes [Note (a)]	**110,424**	94,193	**110,424**	94,193
Other post retirement benefits continuing operations	**680**	1,931	**-**	1,313
Other post retirement benefits [Note (b)]	**680**	1,931		1,313
At March 31	**111,104**	96,124	**110,424**	95,506
Employee benefit liabilities	**111,104**	96,124	**110,424**	95,506

For the year ended March 31, 2020 the valuation exercise was carried out by Aon Hewitt Ltd. The Company contributes to a defined benefit pension plan in respect of some employees and has recognised a net liability of **Eur 110.4M** for such employees as at March 31, 2021 (2020: Eur 94.2M). Employees of the Company are entitled to unused, accumulated sick leave benefit paid upon retirement. The Group has recognised a net liability of **Eur 680K** for them as at March 31, 2021 (2020: Eur 1.9M) and the Company has recognised a nil net liability for them as at March 31, 2021 (2020: Eur 1.3M). The employees of Airmate Ltd and Pointe Coton Resort Hotel Company Limited are entitled to paid sick leave benefits upon retirement.

AIR MAURITIUS LIMITED
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22. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) Defined benefit pension schemes

(i) Reconciliation of net defined benefit liability

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
At April 01,	**94,193**	57,943
Amount recognised in profit or loss (Note (iv))	**6,968**	14,690
Employer contributions	**(4,241)**	(8,574)
Amount recognised in other comprehensive income (Note (v))	**21,901**	35,605
Exchange differences	**(8,397)**	(5,471)
At March 31,	**110,424**	94,193

Amount recognised in the consolidated and separate statement of financial position

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
Present value of funded obligations (Note (iii))	**185,602**	165,978
Fair value of plan assets (Note (ii))	**(75,178)**	(71,785)
At March 31,	**110,424**	94,193

(ii) Reconciliation of fair value of plan assets

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
At April 01,	**71,785**	84,628
Interest income	**2,729**	5,078
Employer contributions	**4,241**	8,574
Benefits paid	**(4,610)**	(3,767)
Exchange differences	**(6,555)**	(7,417)
Return/(Loss) on plan asset excluding interest (Note (v))	**7,588**	(15,311)
At March 31,	**75,178**	71,785

22. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) Defined benefit pension schemes (Cont'd)

(iii) Reconciliation of present value of defined benefit obligation

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
At April 01,	**165,978**	142,571
Interest expense	**6,238**	8,768
Past service cost	**3,458**	11,000
Benefits paid	**(4,610)**	(3,767)
Exchange differences	**(15,390)**	(15,382)
Liability experience (gain)/ loss (Note (v))	**1,037**	(7,571)
Liability gain due to change in demographic assumptions	**-**	(13,833)
Liability loss due to change in financial assumptions (Note (v))	**28,891**	44,192
At March 31,	**185,602**	165,978

(iv) Components of amounts recognised in profit or loss

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
Past service cost	**3,458**	11,000
Net interest on net defined benefit liability	**3,510**	3,690
Total	**6,968**	14,690

(v) Components of amounts recognised in other comprehensive income

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
Return on plan assets (above)/below interest income	**(7,588)**	15,311
Liability experience (gain)/loss	**1,037**	(7,571)
Liability gain due to change in demographic assumptions	**-**	(13,833)
Liability loss due to change in financial assumptions	**28,891**	44,192
Exchange differences	**(439)**	(2,494)
Total	**21,901**	35,605

22. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) Defined benefit pension schemes (Cont'd)

(vi) Distribution of plan assets at March 31,

	THE GROUP AND THE COMPANY	
	2021	2020
Allocation of plan assets at end of year	**%**	%
Equities - overseas quoted	**36**	21
Equities - local quoted	**24**	25
Debt - overseas quoted	**4**	4
Debt - local quoted	**-**	2
Debt - local unquoted	**22**	33
Investment funds	**6**	6
Cash and other	**8**	9
	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(vii) The principal actuarial assumptions (in Mauritian rupees terms) used for the defined benefit pension schemes were:

	THE GROUP AND THE COMPANY	
	2021	2020
Principal assumptions used at end of period		
Discount rate	3.1%	4.1%
Future salary increases	3.0%	0.0%
Future pension increases	3.0%	3.0%
Average retirement age (ARA)	65.0	65.0
Average life expectancy for:		
- Male at ARA	15.9 years	15.9 years
- Female at ARA	20 years	20 years

Sensitivity analysis on defined benefit obligation at end of year

- Increase due to 1% decrease in discount rate: **Eur 34.5 M** (2020: Eur 31.1M)
- Decrease due to 1% increase in discount rate: **Eur 27.2 M** (2020: Eur 24.5M)
- Increase due to 1% rise in future pension increases: **Eur 22.7M** (2020: Eur 17.5M)
- Decrease due to 1% decrease in future pension increases: **Eur 19.1M** (2020: Eur 14.9M)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of year after increasing or decreasing the discount rate, the future salary increases or the future pension increase while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown immaterial variations in the defined benefit obligation.

Future cashflows
- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.
- Expected employer contribution for next year: Eur 4.3M
- Weighted average duration of the defined benefit obligation: 17 years

22. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(b) Other post retirement benefits

(i) Reconciliation of net defined benefit liability

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
At April 01,	**1,931**	2,798	**1,313**	1,476
Adjustment for Cotton Bay	**-**	(372)	**-**	-
Amount recognised in profit or loss (Note (iii))	**(1,017)**	317	**(1,220)**	155
Amount recognised in other comprehensive income (Note (iv))	**(84)**	(609)	**-**	(185)
Exchange differences	**(150)**	(203)	**(93)**	(133)
At March 31,	**680**	1,931	**-**	1,313

(ii) Reconciliation of present value of defined benefit obligation

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
At April 01,	**1,931**	2,798	**1,313**	1,476
Adj - Cotton Bay	**-**	(372)	**-**	-
Current service cost (Note (iii))	**74**	178	**19**	71
Interest expense (Note (iii))	**39**	139	**15**	84
Past service cost	**(1,130)**	-	**(1,254)**	-
Exchange differences	**(150)**	(203)	**(93)**	(133)
Liability loss / (gain) due to change in demographic assumptions (Note (iv))	**(82)**	(286)	**-**	(286)
Liability loss / (gain) due to change in financial assumptions (Note (iv))	**(2)**	(323)	**-**	101
At March 31,	**680**	1,931	**-**	1,313

(iii) Components of amounts recognised in profit or loss

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Current service cost	**74**	178	**19**	71
Past service cost	**(1,130)**	-	**(1,254)**	-
Net interest on net defined benefit liability	**39**	139	**15**	84
Total	**(1,017)**	317	**(1,220)**	155

(iv) Components of amounts recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Liability loss / (gain) due to change in demographic assumptions	**(82)**	(286)	**-**	(286)
Liability loss / (gain) due to change in financial assumptions	**(2)**	(323)	**-**	101
Total	**(84)**	(609)	**-**	(185)

22. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(b) Other post retirement benefits (Cont'd)

(v) The principal actuarial assumptions (in Mauritian rupees terms) used for other post retirement benefits were:

The Group and the Company	**2021**	2020
Discount rate	**3.1%**	3.58% to 4.1%
Future salary increases	**0%**	0 to 1.4%
Average retirement age (ARA)	**65**	60 - 65

Sensitivity analysis on defined benefit obligation at end of year

- Increase due to 1% decrease in discount rate: increase of**Eur 205k** (2020: increase of Eur 189k).
- Decrease due to 1% increase in discount rate: decrease of**Eur 152k** (2020: decrease of Eur 159K).

Future cashflows

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

- Expected employer contribution for next year: Nil
- Weighted average duration of the defined benefit obligation: 13 years

(c) Additional information

(i) The employee benefit liabilities have been provided based on the report from Aon Hewitt Ltd.

(ii) Post retirement mortality has been assumed to be in line with the UK standard table PA (90) rated down by one year.

(iii) The future salary increases has been estimated to be 3% for the Company. For subsidiaries of the Group, the assumption used for future salary increases was 5%.

Exposure to risks

The key risks that the Group and Company face are as follows:

- **Interest rate** - all else remaining unchanged, a reduction in the interest rate on which the discount rate is based will lead to an increase in liabilities
- **Inflation** - an increase in the rate of inflation may increase the scheme's liabilities through higher salary increases and higher pension increases.
- **Longevity** - an increase in the members' life expectancy means that funds set aside to meet future benefit obligations are no longer sufficient.

As at March 31, 2021, the scheme's assets were invested in various major asset classes, including local equities, overseas equities, property, local government bonds and cash and so the Group and the Company were not exposed to significant concentration of risks.

23. PROVISIONS

	THE GROUP AND THE COMPANY	
	2021	2020
	€'000	€'000
Non-current		
Contractual maintenance expenses	**13,977**	16,163
Current		
Contractual maintenance expenses	**7,161**	2,694
Provision for litigation	**7,669**	7,325
	14,830	10,019

	THE GROUP AND THE COMPANY	
Contractual maintenance expenses	**2021**	2020
	€'000	€'000
At April 01,	**18,857**	8,250
Net accrued for the year	**3,001**	14,613
Payment	**(495)**	(4,140)
Exchange differences	**(225)**	134
At March 31,	**21,138**	18,857
Provided as follows:		
- less than one year	**7,161**	2,694
- after one year and before two years	**1,059**	67
- after two years and before five years	**2,936**	6,500
- after five years	**9,982**	9,596
	13,977	16,163
	21,138	18,857

Provisions also include restoration and handback costs to meet the contractual return conditions on aircraft held under leases. The provision made for these return conditions amounted to **Eur 15.6m** (2020: Eur 15.2m) at the reporting date.

The remaining provision of **Eur 5.5 M** (2020: Eur 3.7m) relates to planned major overhaul such as airframe maintenance, landing gear and C Checks in line with the agreements.

Actual expense may differ from provision amount depending on a number of factors such as aircraft condition and prevailing maintenance prices at date of return/maintenance and changes in the planned return/maintenance dates

Provision for litigation

The provision of **Eur 7,669K** (2020: EUR 7,325K) relates to litigations against the Company that Management assessed it is probable that an outflow will be required to settle the claims. The additional provision of **EUR 344K** recognised during the year relates to additonal litigations against the Company.

24(a). TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Trade payables	**77,178**	47,282	**75,947**	47,222
Amounts due to subsidiaries	**-**	-	**2,062**	1,224
Other payables and accruals	**9,051**	6,139	**9,051**	5,738
	86,229	53,421	**87,060**	54,184

Outstanding balances due to related parties, as detailed in Note 32, are included under trade and other payables.
Trade payables are non-interest bearing and are normally settled on 30-60 days' term.

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24(b). CONTRACT LIABILITIES

	THE GROUP AND THE COMPANY	THE GROUP AND THE COMPANY
	2021	2020
	€'000	€'000
Sales in advance of carriage (see note below)	**94,463**	90,241
Contract liabilities for customer loyalty programme	**4,671**	4,454
	99,134	94,695

Reconciliation of contract liabilities:

	THE GROUP AND THE COMPANY	
	Sales in advance of carriage	**Customer loyalty programme**
	2021	**2021**
	€'000	**€'000**
Balance at April 01,	**90,241**	**4,454**
Net release	**4,222**	**217**
At March 31,	**94,463**	**4,671**

Customer loyalty programme:

2019 (As per IFRS 15)

The Group and Company account for award credits as a separately identifiable component of the sales transaction in which they are earned. The consideration in respect of the initial sale is allocated to award credits based on their relative stand-alone selling price (measured using the estimated ticket value method based on historical statistical date), adjusted for expected expiry and the extent to which the demand for an award cannot be met and is accounted for as a liability (deferred revenue) in the Group's and Company's statements of financial positio

Reconciliation of deferred revenue for customer loyalty programme

	THE GROUP AND THE COMPANY	THE GROUP AND THE COMPANY
	2021	2020
	€'000	€'000
Balance at April 01,	**4,454**	4,286
Net transactions in miles	**217**	168
At March 31,	**4,671**	4,454

The Group and the Company maintained a redemption rate of 50% during the current year. Refer to Note 39 for changes made to customer loyalty programme as a result of Covid-19 and closure of borders.

25. OPERATING SEGMENTS

(a)

	THE COMPANY				TOTAL				SUBSIDIARIES				Adjustment /		TOTAL	
	Aircraft operations		Ground operations		THE COMPANY		Investment property		Call centre		Helicopter		Unallocated		THE GROUP	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Revenue	**56,247**	493,682	**1,510**	8,375	**57,757**	502,057	**1,143**	1,197	**798**	7,595	**117**	1,553	**(1,463)**	(9,251)	**58,352**	503,150
Operating expenses	**(122,882)**	(518,316)	**(1,624)**	(8,817)	**(124,506)**	(527,133)	**(568)**	(1,230)	**(1,726)**	(7,483)	**(258)**	(1,163)	**1,463**	9,251	**(125,595)**	(527,759)
Segment results	**(66,635)**	(24,634)	**(114)**	(442)	**(66,749)**	(25,076)	**575**	(33)	**(928)**	112	**(141)**	390	-	-	**(67,243)**	(24,609)
Administrative expenses					**(28,783)**	(45,094)	-	-	**(300)**	(462)	**(261)**	(203)	**(69)**	69	**(29,414)**	(45,690)
Impairment of trade and other receivables					**(474)**	(274)	-	-	-	-	-	-	-	-	**(474)**	(274)
Impairment non-financial assets					**(11,615)**	(171,973)	-	-	-	-	-	-	-	11,248	**(11,615)**	(160,725)
Other operating income					**17,363**	7,490	**28**	447	**410**	31	-	-	**95**	-	**17,802**	7,968
Fair value gain on investment prope					-	-	**(498)**	(8)	-	-	-	-	-	-	**(403)**	(8)
Finance revenue					**34,053**	5,194	**75**	147	-	-	-	-	-	807	**34,128**	6,148
Finance cost					**(10,633)**	(19,706)	-	-	**(1)**	(6)	(1)	(11)	-	-	**(10,635)**	(19,723)
Loss before tax					**(66,838)**	(249,439)	**180**	553	**(819)**	(325)	**(403)**	176	**26**	12,124	**(67,854)**	(236,913)
Income tax expense					-	-	**(81)**	(42)	**17**		-	(24)	**9**	9	**(55)**	(57)
Loss for the year					**(66,838)**	(249,439)	**99**	511	**(802)**	(325)	**(403)**	152	**35**	12,133	**(67,909)**	(236,970)
(Loss) / profit attributable to:																
- Equity holders of the parent					**(66,838)**	(249,439)	**93**	503	**(802)**	(325)	**(403)**	152	**11,325**	12,132	**(67,915)**	(236,978)
- Non-controlling interests					-	-	**6**	8	-	-	-	-	-	-	**6**	8
					(66,838)	(249,439)	**99**	511	**(802)**	(325)	**(403)**	152	**11,325**	12,132	**(67,909)**	(236,970)
Assets																
Segment assets	**630,494**	784,362	**8,245**	12,251	**638,739**	796,613	**15,323**	16,735	**1,027**	1,459	**710**	987	**(20,195)**	(19,804)	**635,604**	795,990
															635,604	795,990
Equity and liabilities																
Segment liabilities	**888,499**	985,842	**54,848**	43,412	**943,347**	1,029,254	**418**	487	**1,531**	1,135	**440**	487	**(2,540)**	(2,158)	**943,196**	1,029,205
Capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	**(308,531)**	(234,239)	**(308,531)**	(234,239)
Non-controlling interests	-	-	-	-	-	-	**939**	1,024	-	-	-	-	**939**	-	**939**	1,024
															635,604	795,990
Capital additions	**343**	316,674	**333**	1,891	**676**	318,565	-	3	-	260	-	163	-	(220)	**(676)**	318,771
Depreciation and amortisation	**64,050**	85,038	**1,680**	1,789	**65,730**	86,827	**2**	2	**81**	158	**28**	547	-	18	**65,841**	87,552

The Group presents segmental information using business segments and geographical segments. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements.

* Capital additions comprise of additions to property, plant and equipment and intangible assets during the years.

25. OPERATING SEGMENTS (CONT'D)

(b) Secondary reporting geographical segments

	The Company	
	2021	2020
Traffic revenue by destination	**€'000**	€'000
Africa and Middle East	**3,152**	50,504
America	**355**	6,472
Asia	**9,172**	80,481
Australia	**127**	17,090
Europe	**14,647**	162,252
Indian Ocean	**1,755**	48,863
Mauritius	**28,549**	136,395
Total Company	**57,757**	502,057
Revenue from subsidiaries - Mauritius	**595**	1,093
Total Group	**58,352**	503,150

(c) Main analysis of revenue

	THE GROUP			
	2021		2020	
	€'000	**%**	€'000	%
Passenger	**23,342**	**40%**	402,417	80%
Cargo	**30,116**	**52%**	45,716	9%
Purged revenue	**1,565**	**2%**	6,955	1%
Others	**3,329**	**6%**	48,062	10%
Total revenue	**58,352**	**100%**	503,150	100%

Others include revenues from code sharing agreements, aircraft lease and ground/technical handling.

26. DEPRECIATION, AMORTISATION, FOREIGN EXCHANGE DIFFERENCES AND COSTS OF INVENTORIES INCLUDED IN PROFIT OR LOSS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
(a) Operating profit is arrived after:				
Crediting:				
Revenue from redemption of miles	**-**	1,214	**-**	1,214
Rental income	**1,191**	1,197	**48**	-
Gain / (loss) on disposal of property, plant and equipment	**16,409**	(33)	**16,409**	(33)
Ticket cancellation and penalty fees	**50**	1,769	**50**	1,769
Service charges	**635**	2,633	**635**	2,633

26. DEPRECIATION, AMORTISATION, FOREIGN EXCHANGE DIFFERENCES AND COSTS OF INVENTORIES INCLUDED IN PROFIT OR LOSS (CONT'D)

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
(a) Operating profit is arrived after: (Cont'd)				
Charging:				
-Included in operating expenses:				
Depreciation charge for the year (Note 6)	**63,287**	82,449	**63,260**	81,849
Fuel costs	**21,751**	148,054	**21,751**	148,054
Cost of inventories recognised as expenses	**2,271**	8,814	**2,271**	8,814
(Decrease)/increase in provision for obsolete inventory	**748**	12,418	**748**	12,418
Employee costs	**36,003**	99,880	**31,005**	92,147
-Included in administrative expenses:				
Depreciation charge for the year (Note 6)	**3,304**	4,638	**3,223**	4,460
Increase in provision for impairment on trade receivables (Note 16)	**-**	274	**-**	274
Amortisation charge for the year (note 8)	**153**	537	**142**	519
Outside service costs	**1,448**	2,239	**1,022**	1,746
Professional fees	**4,445**	12,289	**4,340**	12,271
Motor vehicle running expenses	**830**	2,222	**784**	2,115
Communication cost services	**1,010**	1,548	**1,006**	1,541
Provision for litigation	**344**	7,324	**344**	7,324
Employee costs	**15,438**	11,737	**15,182**	11,285

(b) Analysis of employee costs	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Salaries and wages	**38,789**	91,209	**34,487**	84,838
Social security costs	**2,370**	4,026	**1,676**	2,374
Defined benefit pension schemes (Note 21(a)(iv))	**6,968**	14,690	**6,968**	14,690
Other post retirement benefits (Note 21(b)(iii))	**(982)**	317	**(1,220)**	155
Defined contribution pension scheme	**1,146**	1,375	**1,146**	1,375
	48,291	111,617	**43,057**	103,432

27 (a). FINANCE INCOME

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Other interest income	**1,063**	693	**988**	546
Unrealised gain on translation of monetary assets and liabilities	**32,536**	-	**32,536**	-
Reclassification of exchange difference on loss of significant influence	**-**	807	**-**	-
Gain on currency hedge	**529**	4,584	**529**	4,584
Dividend income	**-**	64	**-**	64
	34,128	6,148	**34,053**	5,194

27(b). FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Foreign exchange:				
Unrealised loss on translation of monetary assets and liabilities	**-**	101	**-**	101
	-	101	**-**	101
Interest expense:				
Leases	**10,074**	17,560	**10,072**	17,543
Other loans	**561**	2,062	**561**	2,062
	10,635	19,622	**10,633**	19,605
Total	**10,635**	19,723	**10,633**	19,706

28. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
(a) Income tax				
In profit or loss:				
Deferred tax charge for the year (Note 15)	**(18)**	16	-	-
Corporate Social Responsibility	**8**	14	-	-
Under/(over) provision of income tax in prior year	**7**	(5)	-	-
Current income tax charge	**58**	32	-	-
	55	57	-	-
In other comprehensive income:				
Deferred tax credit related to items recognised in other comprehensive income during the year	**(14)**	(72)	-	-
(b) Tax reconciliation				
Profit before tax	**(67,854)**	(236,913)	**(66,838)**	(249,439)
Tax at the rate of 15% (2020: 15%)	**(10,178)**	(35,537)	**(10,026)**	(37,416)
Corporate Social Responsibility at the rate of 2% (2020:2%)	**8**	14	-	-
Expenses not allowable for tax purposes	**14,393**	61,877	**14,226**	61,615
Exempt income	**(21,288)**	(41,038)	**(21,313)**	(38,945)
Over / (under) provision of income tax in previous year	**7**	(5)	**-**	-
Effect of tax holiday**	**17,113**	14,746	**17,113**	14,746
Tax charge for the year	**55**	57	**-**	-

The Group has paid income tax of **Eur 47K** (2020: Eur 105K) for the year ending March 31, 2021.

Expenses not allowable for tax purposes comprise of depreciation of property, plant and equipment, amortisation of intangible asset and loss on foreign exchange. Exempt income consists of interest on loans.

* The Group has not recognised deferred tax assets on unused tax losses since it is not probable that future taxable profits will be available against which these tax losses will be utulised.

** *The Company is not taxable by virtue of an agreement with the Government of Mauritius.*

29. EARNINGS PER SHARE

	2021	2020
The Group	**€'000**	€'000
Earnings per share is based on:		
Loss attributable to equity holders of the parent	**(67,909)**	(236,970)
Weighted average number of shares	**129,305,000**	124,052,946

Basic and diluted earnings per share were the same for both years since there was no potential dilutive ordinary shares at March 31.

30. COMMITMENTS

(a) (i) The Group as lessor

The Group has entered into leases on its investment property. The commercial property leases have lease terms between three and five years with renewable option of further periods of three years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

The future minimum rentals receivable under non-cancellable operating leases as at March 31, are as follows:

	2021	2020
	€'000	€'000
Within 1 year	**1,033**	1,132
After 1 year, but not more than five years	**2,613**	4,351
	3,646	5,483

(ii) The Group and Company as lessees	**2021**	2020
	€'000	€'000
The Group and the Company have the following commitments under non-cancellable finance leases:		
- within one year	**48,025**	62,528
- after two years and before five years	**146,975**	175,930
- after five years	**384,148**	467,938
	579,148	706,396

The Group has entered into commercial leases on certain aircraft and accessories. The remaining lease duration period ranges from 1 to 12 years with a renewable option as at March 31, 2021. Included in the non-cancellable commitments are commitments relating to the leases for two new aircraft A330 Neo. The above commitments exclude costs to be incurred for the reconditioning of aircraft prior to return to lessor. The above lease rentals are subject to changes in market interest rates which are recognised when they arise.

(b) Capital commitments

The Company had entered into contractual arrangements for the purchase of eight new aircraft. Two of the aircraft relate to aircraft on operating lease which were delivered in financial year 2018. Four aircraft were delivered in financial year ending March 31, 2020. Another two aircraft are yet to be delivered. As at March 31, 2021, the Company has a capital commitment of **EUR 284M** (2020: Eur 296M) with regards to the acquisition of the aircrafts.

31. SUBSTANTIAL SHAREHOLDERS

At March 31, the following shareholders held more than 5% of the ordinary share capital of the Company.

	2021	2021	2021	2020
	Direct	Indirect	Effective	Effective
	%	%	%	%
Air Mauritius Holding Ltd	40.35	-	40.35	40.35
Airports of Mauritius Co Ltd	20.88	-	20.88	20.88
The Government of Mauritius	6.62	45.84	52.46	52.46
The State Investment Corporation Limited	3.59	7.27	10.86	10.86
Rogers and Company Limited	3.39	7.31	10.70	10.70
Compagnie Nationale Air France	2.20	4.52	6.72	6.72
Air India	2.02	3.56	5.58	5.58

32. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated and separate financial statements, parties are considered to be related to the Group and the Company if they have the ability, directly or indirectly, to control the Group and the Company or exercise significant influence over the Group and the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(i) Entities with significant influence over the Group

State-controlled entities

The Government of Mauritius has a 52.46% effective interest (including both direct and indirect holdings) in the share capital of Air Mauritius Limited. The amounts paid to and received from the Government of Mauritius and its state-controlled entities relate generally to taxes, civil aviation and related charges, utility costs.

The Group	2021	2020
	€'000	€'000
Income for the year	5,151	9,440
Expenses for the year	1,783	8,083
Amount receivable as at March 31,	1,128	1,890
Amount payable as at March 31,	2	1,369

The Group and the Company have deposits and MUR denominated loans with State Bank of Mauritius Ltd, another entity under common control by the Government of Mauritius.

(ii) Key management personnel

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors.

Compensation	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€'000	€'000	€'000	€'000
Short-term benefits	944	2,274	944	2,251
Post-employment benefits:				
- Defined benefit	-	4	-	4
	944	2,278	944	2,255

32. RELATED PARTY TRANSACTIONS (CONT'D)

(iii) Other related parties

(1) Mr Philippe Espitalier-Noël who is a Director of the Company, is also a director of Rogers & Co. Ltd ("Rogers"), a shareholder of the Company. The Group has paid incentive commission on sale of tickets to Rogers during the year and the summary of transactions are as follows:

	The Group and the Company	
	2021	2020
	€'000	€'000
Income for the year	**1,092**	6,139
Expenses for the year	**63**	1,309
Amount receivable	**146**	242
Amount payable	**2**	37

(2) Rajiv Bansal, who is a Director of the Company, is also the Chairman and Managing Director of Air India, a shareholder of the Company. Air India has provided handling services to the Group during the year and the summary of transactions are as follows:

	The Group and the Company	
	2021	2020
	€'000	€'000
Expenses for the year	**414**	725
Amount payable	**28**	8

(3) Mr Patrick Roux, who is a Director of the Company, is also a member of the Air France Executive Committee. Air France has provided handling and maintenance services to the Group and Company during the year and the summary of transactions are as follows:

	The Group and the Company	
	2021	2020
	€'000	€'000
Income for the year	**581**	1,123
Expenses for the year	**5,415**	38,199
Amount receivable	**115**	99
Amount payable	**20,881**	5,315

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32. RELATED PARTY TRANSACTIONS (CONT'D)

(vi) Subsidiaries and associates

The Company holds investments in subsidiaries and in an associate as described in Notes 10 and 11. The Company had no related party transactions with its associate. Transactions with subsidiaries are in respect of rent of office space from MEDCOR, revenue from cleaning services provided to MEDCOR, call centre services and provision of human resources services by Airmate Ltd. At the start of the financial year, investment in Pointe Coton Resort Hotel Company Limited was disposed by the company.

The Company

	Airmate Limited	**Mauritius Estate Development Corporation Limited (MEDCOR)**	**Mauritius Helicopter Limited**	**Air Mauritius (S.A.) (Proprietary) Limited**	**Total**
2021	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Income for the year	**39**	**46**	**324**	**-**	**409**
Expenses for the year	**699**	**313**	**-**	**-**	**1,012**
Amount receivable	**248**	**40**	**312**	**10**	**610**
Amount payable	**637**	**1,047**	**378**	**-**	**2,062**

The Company

	Airmate Limited	Mauritius Estate Development Corporation Limited (MEDCOR)	Mauritius Helicopter Limited	Air Mauritius (S.A.) (Proprietary) Limited	Total
2020	€'000	€'000	€'000	€'000	€'000
Income for the year	45	73	1,239	-	1,357
Expenses for the year	7,474	360	-	-	7,834
Amount receivable	36	16	639	191	882
Amount payable	249	333	642	-	1,224

(v) Terms and conditions of transactions with related parties

Outstanding balances relating to amount receivable and amount payable at year end are interest free and settlement occurs in cash. For the year ended March 31, 2021, the Group and the Company have not made any provision for doubtful debts relating to amounts owed by related parties (2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

33. DETAILS OF BORROWINGS AND FINANCIAL DERIVATIVES

(a) Borrowings and financial derivatives

		2021		2020	
Base currency	**Interest rate %**	**Loans, borrowings, overdraft and obligations under leases**	**Fair value of financial derivative liability**	Loans, borrowings, and obligations under leases	Fair value of financial derivative liability
	€'000	**€'000**	**€'000**	€'000	€'000
IFRS 16 - Lease liabilities	1% - 4%	**583,921**	**-**	706,300	-
Bank loans					
USD	2.25% p.a	**16,646**	**-**	17,400	-
Eur	2.0% p.a	**8,900**	**-**	8,900	-
Mur	PLR + 1.3%	**-**	**-**	754	-
Bank Overdraft					
Mur	5.75% to 7.35%	**438**	**-**	-	-
Financial derivatives (Note 21)		**-**	**8,017**	-	25,333
COMPANY TOTAL		**609,905**	**8,017**	733,354	25,333
IFRS 16 - Lease liabilities	1% - 4%	**-**	**-**	96	-
GROUP TOTAL		**609,905**	**8,017**	733,450	25,333

All the above loans have variable market rates and therefore the carrying amount of these loans approximates their fair values. For the other loan and borrowings and derivatives, the carrying amount approximates the fair value since they are at market interest rates. For further details on the fair value measurement, refer to Note 34.

33. DETAILS OF BORROWINGS AND FINANCIAL DERIVATIVES (CONT'D)

(b) Derivative financial instruments

	2021	2020
The Group and the Company	**€'000**	€'000
Currency derivatives (Note 21 (a))		
- Assets	**-**	260
- Liabilities	**(50)**	-
Fair value of commodity derivatives (Note 21 (a)):		
- Assets	**-**	-
- Liabilities	**(34)**	(17,116)
Put contracts		
- Liabilities	**(7,933)**	(8,217)
	(8,017)	(25,073)

(i) Fair value of currency derivatives

	Amount with remaining life			
	Less than three months	**Between three months and one year**	**More than one year**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
OTC traded forward rate agreements				
At March 31, 2021	**(50)**	**-**	**-**	**(50)**
At March 31, 2020	119	45	96	260

The currency derivatives have been classified as Level 2 of the fair value hierarchy in both 2021 and 2020.

(ii) Fair value of commodity derivatives

	Amount with remaining life			
	Less than three months	**Between three months and one year**	**More than one year**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
OTC traded forward rate agreements				
At March 31, 2021				
Assets - OTC Traded				
- Swap	**(34)**	**-**	**-**	**(34)**
At March 31, 2020				
Assets - OTC Traded				
- Swap	(641)	(3,814)	(4,410)	(8,865)
- Collar	(879)	(5,662)	(1,710)	(8,251)
	(1,520)	(9,476)	(6,120)	(17,116)

These derivative financial instruments have been accounted for as cash flow hedges and have been classified as Level 2 of the fair value hierarchy in both 2021 and 2020.

34. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

2021

The Group

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		€'000	€'000	€'000	€'000
Assets measured at fair value:					
Investment property (Note 8)	March 31, 2021	**8,442**	**-**	**-**	**8,442**
Liabilities measured at fair value:					
Derivative financial instruments	March 31, 2021	**(8,017)**	**-**	**(8,017)**	**-**

There have been no transfers between Level 1 and Level 2 during the year (2020: none).

2021

THE COMPANY

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		€'000	€'000	€'000	€'000
Liabilities measured at fair value:					
Derivative financial instruments	March 31, 2021	**(8,017)**	**-**	**(8,017)**	-

There have been no transfers between Level 1 and Level 2 during the year (2020: none).

34. FAIR VALUE MEASUREMENT (CONT'D)

2020

The Group

	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		€'000	€'000	€'000	€'000
Assets measured at fair value:					
Investment property (Note 8)	March 31, 2020	9,697	-	-	9,697
Derivative financial instruments	March 31, 2020	260	-	260	-
Liabilities measured at fair value:					
Derivative financial instruments	March 31, 2020	(25,333)	-	(25,333)	-

There have been no transfers between Level 1 and Level 2 during the year (2019: none).

2020

THE COMPANY

	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		€'000	€'000	€'000	€'000
Assets measured at fair value:					
Derivative financial instruments	March 31, 2020	260	-	260	-
Liabilities measured at fair value:					
Derivative financial instruments	March 31, 2020	(25,333)	-	(25,333)	-

There have been no transfers between Level 1 and Level 2 during the year (2019: none).

Management has assessed that cash and cash equivalents, short-term deposits, trade and other receivables and trade and other payables to approximate their carrying amounts largely due to the short-term maturities of these instruments.

Security deposits accounted under under long-term deposits are deposits on leases which are reimbursable at the end of the lease period and are estimated to approximate their fair values.

Loans and borrowings consist of lease liabilities and bank loans. The bank loans are short-terms and have been classified as current liabilities. Due to their short-term maturities, their carrying amounts will approximate their fair values.

34. FAIR VALUE MEASUREMENT (CONT'D)

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange forward rates, interest rate curves and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2021 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- Fair values of the Group's loans and borrowings are determined by using discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

35. ASSETS HELD FOR SALE

	2021
The Group and the Company	**€'000**
Aircrafts	16,501
Investment in associated company	7,515
Carrying amount	24,016

Aircrafts

In April 2020, the Administrators initiated a fleet rationalisation strategy in which 2 A340s and 2 A319s were considered for sales. These aircrafts have been classified as held for sales with a carrying amount of **Eur 16,501** and have been presented separately in the Statement of Financial Position. The sales of the A319s materialised in June 2021 and the A340s were consigned to be dismantled during the course of financial year ending March 31, 2022. As at March 31, 2021, the Board considered that the aircrafts met the criteria to be classified as held for sale at that date for the following reasons:

- The aircrafts were available for immediate sale and could be sold to its potential buyer in its current condition.
- The Board had a plan to sell the aicrafts with the prospective buyer.
- The proceeds had been agreed and the sale price was considered reasonable in relation to its current fair value.
- The Board expected negotiations to be finalised and the sale to be completed within the next financial year ending March 31, 2022.

The details of the carrying amount of the aircrafts is as per below:

The Group and the Company	2021
	€'000
Cost	270,753
Accumulated depreciation and impairment	(254,252)
Carrying amount	16,501

The carrying value of the aircrafts represent the fair value less cost to sell which is based on the agreed exit price and is classified under level 3 in the fair value hierarchy.

Investment in associated company

During the year ending March 31, 2021 discussions were held by the Administrators with Airports of Mauritius Limited (AML) for the disposal of the investment in The Mauritius Duty Free Paradise Co. Ltd (MDFP) where the purchase consideration of **EUR 7,515k** was agreed. The sale materialised on October 18, 2021. As at March 31, 2021, the Board considered that the investment held in MDFP met the criteria to be classified as held for sale at that date for the following reasons:
The associate was available for immediate sale and could be sold to its potential buyer in its current condition.
The Board had a plan to sell the associate with the prospective buyer.
The proceeds had been agreed and the sale price was considered reasonable in relation to its current fair value.
The Board expected negotiations to be finalised and the sale to be completed within the next financial year ending March 31, 2022.

The details of the carrying value of the investment in The Mauritius Duty Free Paradise Co. Ltd is as per below:

The Group and the Company	2021
	€'000
Cost	10,046
Impairment	(2,531)
Carrying amount	7,515

Note that the impairment of **EUR 2,532K** is presented within impairment of investment in subsidiaries and associates in the consolidated and separate statements of profit or loss.

The carrying value represents the fair value less cost to sell of the investment which is based on the agreed exit price and is classified under level 3 in the fair value hierarchy.

36. CONTINGENT LIABILITIES

Litigation

There are currently a number of lawsuits that have been filed against the Company for diverse reasons. The timing and outcome of these claims are dependent upon the judicial system and cannot be reliably assessed. As a result, the Group and Company have a contingent liability of **Eur 1.9M** (2020: Eur 2.7M) as at March 31, 2021 with respect to those litigations.

37. HOLDING COMPANY AND ULTIMATE CONTROLLING ENTITY

Air Mauritius Holding Ltd, whose registered office is Air Mauritius Centre, President John Kennedy Street Port Louis, was the holding company of Air Mauritius Limited at the reporting date. Subsequent to year end, as explained in note 39a. Airport Holdings Ltd, with registered address Air Mauritius Centre, President John Kennedy Street Port Louis, became the holding company on 04 February 2022 and the Company was thereafter delisted from the Stock Exchange of Mauritius. The ultimate controlling entity is the Government of Mauritius.

38. GOVERNMENT GRANTS AND ASSISTANCE

Government Wage Assistance Scheme ("GWAS")

Following the confinement period imposed by the Government of Mauritius during the year due to the rapid spread of COVID-19 , the Government introduced a wage subsidy programme to assist companies to pay the salaries of their full-time or part-time employees based on defined eligibility criteria. The Group benefitted from this scheme for the year ended March 31, 2021 and the wage assistance received was unconditional. The Group accounted an amount of **EUR 7.7M** of wage assistance received as a deduction from the reported employee costs (Note 26).

39. EVENTS AFTER THE REPORTING DATE

a. De-listing from the Stock Exchange of Mauritius (SEM) and change in shareholding

Following the Cautionary Announcement issued by the Company on 22 April 2020 regarding the appointment of Mr A. Sattar Hajee Abdoula and Mr. Arvindsingh K. Gokhool of Grant Thornton as Administrators of the Company, pursuant to Sections 215 and 216 of the Insolvency Act 2009, the Stock Exchange Mauritius (SEM) decided with the approval of the Listing Executive Committee to suspend dealings in the securities of the Company, with immediate effect, pursuant to Listing Rule 3.9(a) and in the light of the provisions of Section 227 of the Insolvency Act 2009 as from market close on 22 April 2020.

The Administrators returned the control of the Company to the Board of Directors after the Company exited Voluntary Administration on 29 September 2021 pursuant to the adoption of the Deed of Company Arrangement (DoCA). Further details about the DoCA is provided in note *d* below.

Subsequently, the board of directors issued a communique to inform the shareholders that on 15 October 21 the board was informed of the intention of Airport Holdings Ltd (the Offeror) to make a mandatory offer to the shareholders of the Company to acquire all the voting shares.

Airport Holding Ltd issued a communique on 04 February 2022 that following the mandatory offer, the Offeror was then in control of 94.04% of the shares of the Company and thus, satisfying the threshold conditions under Rule 37(2) of the Securities (Takeover) Rules 2010 ("Takeover Rules") to acquire the shares of the dissenting shareholders of the Company ("Dissenting Shareholders").

The Board further informed its shareholders that following the compulsory acquisition of the shares of the dissenting shareholders and in accordance with Rule 39 of the Takeover Rules, the Company no longer met the requirements of the Listing Rules for its listing on the official market.

There are three cases that have been lodged by the dissenting shareholders where the main respondent is Airport Holdings Ltd and the latter has retained the services of BLC Chambers. Air Mauritius Limited has agreed to abide to the decision of the Court.

Furthermore, the Company on 29 March 2022, informed the SEM that its Board has taken the decision not to restore the Company's shares to the public to 25% as required by Listing Rule 6.21. Consequently, the SEM informed investors and the public in general that it had decided, pursuant to Listing Rule 3.9 (c) and with the approval of the Listing Executive Committee, to withdraw the ordinary shares of the Company from the Official Market of the SEM after market close on 31 March 2022.

b. Sales of Aircrafts

Subsequent to year end, the following decisions were taken by the Administrators as part of the fleet rationalisation:

(a) Two A319 aircraft were sold to FTAI Aviation in June 2021;
(b) One A330-200 aircraft was sold to Monocoque Diversified Interest in November 2021; and
(c) Two A340-313C aircraft were consigned for part out with Aircraft End-of-Life Solutions (AELS) B.V in July 2021.

39. EVENTS AFTER THE REPORTING DATE (CONT'D)

b. Sales of Aircrafts (Cont'd)

The aircrafts disposed and retired are summarised in the below table:

Aircraft Type	Registration number	Buyer	Book Value EUR*	Disposal Value EUR	Loss on Disposal EUR
A319-112	3B NBF	WWTAI AIROPCO 1 BERMUDA LTD.	5,653,876	2,363,452	3,290,424
A319-112	3B NBH	WWTAI AIROPCO 1 BERMUDA LTD.	6,327,103	2,701,088	3,626,015
A330-200	3B NBL	Monocoque Diversified Interest	17,573,088	4,579,120	12,993,968
A340-313C	3B NBD	Aircraft End-of-Life Solutions (AELS) B.V.	2,170,900	**	**
A340-313C	3B NBE	Aircraft End-of-Life Solutions (AELS) B.V.	2,349,257	**	**

* The book values of the aircrafts are after impairment loss.
** The 2 A340-313C aircrafts have been disposed on consignment.

The aircrafts have been reclassified to assets held for sales during the financial year ending 31 March 2021 given that all the criteria as per *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* were met.

c. Adoption of Deed of Company Arrangement (DoCA)

In September 2021, the Administrators called for the Watershed meeting. Three class of creditors were identified and were convened in separate meetings. The creditor classes were categorised as follows:

Class A – For Aircraft Operating Lessors
Class B – For Hedge Counterparties
Class C – For General Body of Creditors

A Deed of Company Arrangement (DoCA) was issued with the invitation explaining the rescue plan proposed by Administrators.

General Sales Agents (GSA), tour operators, travel agents and passengers with unutilised tickets were not included in the above creditor categories. During the administration period, holders of unutilised tickets were invited to change their travel dates, transfer their tickets to another person, or exchange their tickets against travel vouchers.

In relation to GSA, tour operators and travel agents, the Company holds on their behalf amounts which represent commissions, and which had been remitted to the Company as part of sales proceeds. These amounts were not compromised as non-refund of such amounts would have impacted the long-term business of the Company.

A repayment plan for each category of creditors were defined as per table below:

Creditor Class	Payout
Class A – For Aircraft Operating Lessors	35% of claims as listed in the DoCA
Class B – For Hedge Counterparties	60% of claims as listed in the DoCA
Class C – For General Body of Creditors	50% of claims as listed in the DoCA

39. EVENTS AFTER THE REPORTING DATE (CONT'D)

c. Adoption of Deed of Company Arrangement (DoCA) (Cont'd)

The proposal that the Company to execute the DoCA was put to the vote of the creditors at the Watershed Meeting. Voting results confirmed the adoption of the DoCA during the watershed meeting. The DoCA was further approved during a Board Meeting in October 2021 and on same day MUR 9.5 billion (EUR 193.5m) were transferred through Airport Holdings Ltd to the Company for implementation of the DoCA (further details provided in *d* below). The Company remained under Deed of Company Arrangement until end of October.

d. Loan of MUR 9.5 billion (EUR 193.5m) for settlement of DoCA

By April 2021, the Company was running low on cash and the Administrators took a short-term advance of MUR 300 million from the Government of Mauritius. This was provided to the Company in May 2021.

Further discussions were held by the Administrators and the Government of Mauritius regarding funding for the DoCA. This resulted into the Government providing a loan to the Company through a Government-owned entity (Airport Holdings Ltd), amounting to MUR 9.5 billion (EUR 193.5m) immediately and an additional MUR 2.5 billion as and when needed in order to support the national carrier.

Out of the MUR 9.5 billion (EUR 193.5m) received, the cash advance of MUR 300 million (EUR 6.04m) was settled and the additional MUR 2.5 billion (EUR 53m) has not yet been called as there has been no such need by the Company to date. The additional loan of MUR 2.5 billion (EUR 53m) is still available on demand.

e. Full and Final Settlement of the Pension Scheme – Air Mauritius Limited Pension Scheme (AMLPS)

The Air Mauritius Limited Pension Scheme (AMLPS) has been in deficit for past years. As per Administrators' Report dated September 21, 2021 and as per the Deed of Company Arrangement that was voted at the watershed meeting of the Company held on September 28, 2021 and executed on October 01, 2021, the Company, Air Mauritius Limited has funded the revised shortfall (deficit) of Rs2.70 billion in full and final satisfaction of the defined benefit liabilities of the pension scheme and that there would be no further contributions to be paid by the Company to the defined benefit section of the pension scheme. The funds were paid to AMLPS in tranches up to mid November 2021.

Air Mauritius Limited, the Company/employer has, thereafter, stopped making monthly pension contributions to the define benefit Section but is still making contributions to the Defined Contribution Section of AMLPS for relevant staff until they reach their retirement age.

The Trustees then proceeded with the buyout of the pensioners liabilities with the National Insurance Co Ltd (NIC) for pensioners as at 30 June 2022 with a view to insure their pensions and after receiving the approval from the Financial Services Commission.

The Trustees together with the Company, in September 2022, initiated the Conversion Exercise of the Defined Benefit Section to Defined Contribution for the remaining members in AMLPS; actives (existing employees) and deferred (employees who have left the company). The process also requires the approval of the Financial Services Commission.

39. EVENTS AFTER THE REPORTING DATE (CONT'D)

f. Capital contribution for additional loan settlement by the Government of Mauritius in respect of short-term loans

Subsequent to year end and post the adoption of the Deed of Company Arrangement (DoCA), debts of the Group and Company amounting to EUR 6.6 million were settled by the holding company Airport Holdings Ltd. This represents a capital contribution from the holding company and will be accounted as such in the financial year ending 31 Mar 2022.

g. Frequent Flyer Program - Miles extension

In August 2021, due to Covid-19 there has been a commercial decision on the miles extension for all frequent flyer members. The Company extended the validity of Kestrelflyer miles for all members including those holding SBM SKY-SMILES co-branded VISA Credit Card as follows:

- All miles that expired between 01 Mar-2020 to 31 August 2021: would give members the possibility to use all of their miles for the redemption of an award when they are ready to do so.
- Furthermore, the Company also extended miles, which would have potentially expired, up to 31 July 2022 so that all Frequent Flyer Members are able to use these miles and benefit from awards like Tickets, Upgrading and Excess Luggage.

h. Sale of non-core assets (subsidiaries and associates)

As part of its restructuring plan, the Company initiated a series of transactions to monetise the non-core assets as per below:

(a) Stake in Mauritius Duty Free Paradise

The Company had issued 27,000,000 ordinary shares to Airports of Mauritius Co Ltd ("AML") in exchange of 20% stake in Mauritius Duty Free Paradise Co. Ltd ("MDFP") in the financial year 31 March 2020. In October 2021, the 20% stake held by the Company in Mauritius Duty Free Paradise Co. Ltd were sold back to AML for an issue price of MUR 15 per share, giving a total consideration of MUR 405 million (EUR 10 million).

(b) Stake in Mauritius Estate Development Corporation Limited

The Company has disposed 6,401,005 ordinary shares (95.15% shareholding) in Mauritius Estate Development Corporation Limited (MEDCOR) for a total consideration of MUR 600 million (EUR 12.2m).

The Company further disposed all of its lots owned in the Mauritius Estate Development Corporation Limited Building for a total consideration of MUR 322.1 million (EUR 6.2m).

(c) Stake in Airmate

The Company has disposed 70,000 ordinary shares (100% shareholding) in Airmate Ltd for a total consideration of MUR 7 million (EUR 142k).

39. EVENTS AFTER THE REPORTING DATE (CONT'D)

h. Sale of non-core assets (subsidiaries and associates) (Cont'd)

(d) Stake in Mauritius Helicopter Limited

The Company has disposed 475,020 ordinary shares (100% shareholding) in Mauritius Helicopter Limited for a total consideration of MUR 15 million (EUR 304k).

(e) Stake in Air Mauritius Institute Co Ltd.

The Company has disposed 50,000 ordinary shares (100% shareholding) in Air Mauritius Institute Co Ltd for a total consideration of MUR 0.5 million (EUR 10k).

i. Exit of voluntary administration and return to normal operations

As from 1 October 2021, the Company exited voluntary administration after securing funding from its major shareholder.

Tourists' arrivals and cargo business have substantially improved since, with full re-opening of the borders and lifting of travel restrictions. Consequently, passenger capacity, load factor and yields have picked up and will continue to improve.

As a result, a substantial part of previously recorded impairment of EUR 81m on the current fleet of aircraft, will reverse.

40. FINANCIAL SUMMARY

(a) The Group

	2021	2020	2019
	€'000	€'000	€'000
STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	**58,352**	503,150	499,807
Loss before tax from continuing operations	**(67,854)**	(236,913)	(29,039)
Loss for the year from continuing operations	**(67,909)**	(236,970)	(29,154)
Profit after tax from discontinued operations	**-**	-	127
Loss for the year	**(67,909)**	(236,970)	(29,027)
Other comprehensive income	**(6,469)**	(57,596)	(6,215)
Total comprehensive income for the year, net of tax from continuing operations	**(74,378)**	(294,566)	(35,369)
Total comprehensive income for the year, net of tax from discontinuing operations	**-**	-	3
Total comprehensive income for the year, net of tax	**(74,378)**	(294,566)	35,239
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	**559,983**	711,385	183,573
Current assets	**75,621**	84,605	176,953
Current liabilities	**286,992**	273,050	232,847
Non-current liabilities	**656,204**	756,155	78,283
SHARE CAPITAL			
Authorised			
Ordinary shares of Mur 10 each	**81,566**	81,566	81,566
Issued and fully paid			
Ordinary shares of Mur 10 each	**48,421**	48,421	41,724
RESERVES			
Share premium	**22,218**	22,218	18,869
Other reserves	**(12,918)**	(28,371)	(6,754)
Accumulated losses	**(366,252)**	(276,507)	(7,056)

AIR MAURITIUS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

40. FINANCIAL SUMMARY (CONT'D)

(b) The Company

	2021	2020	2019
	€'000	€'000	€'000
STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	**57,757**	502,057	498,504
Loss for the year	**(66,838)**	(249,439)	(21,669)
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	**565,525**	714,133	195,223
Current assets	**73,214**	82,480	173,651
Current liabilities	**287,823**	273,717	232,951
Non-current liabilities	**655,524**	755,537	77,333
SHARE CAPITAL			
Authorised			
Ordinary shares of Mur 10 each	**81,566**	81,566	81,566
Issued and fully paid			
Ordinary shares of Mur 10 each	**48,421**	48,421	41,724
RESERVES			
Share premium	**22,218**	22,218	18,869
Other reserves	**(84)**	(16,856)	2,964
Accumulated losses	**(375,163)**	(286,424)	(4,967)

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