

ANNUAL REPORT

2019



terra

OUR ANNUAL INTEGRATED REPORT

presenting our strategic framework for long-term value creation

Terra is a conglomerate, established in Mauritius and operating locally and regionally. Formerly known as Harel Frères, it started out as a small sugar factory in 1838. Today, Terra is one of the major players in the sugar cane sector in Mauritius, managing some 6,000 hectares of agricultural land in the northern part of the island. The Group has diversified its activities, from an essentially sugar based company to one with interests in energy production, alcohol production and commercial distribution, and property development, along with investments in construction and financial services.



Alain Rey
Chairman



Nicolas Maigrot
Managing Director

Dear Shareholder,

The Board of Directors of Terra Mauricia Ltd ('Terra') is pleased to present this third annual Integrated Report, which provides information relating to the performance, governance and strategy of Terra and its subsidiaries for the year ended 31 December 2019.

While Terra's executive management team was responsible for preparing this report, the Board has reviewed the report and believes that it provides a balanced and appropriate presentation of those factors that have, or could have, a material effect on Terra's ability to create value over time. These factors were identified through a structured process involving Terra's executive management team and other senior managers, in which they reviewed the business model and operating context relating to each of Terra's four clusters: Cane, Power, Brands, and Property and Leisure.

The Board has applied its collective mind to the preparation and presentation of information in this report, which has been guided by the IIRC's International <IR> Framework. The Board approved this report on 27 August 2020.

On behalf of the Board of Directors, we invite you to join us at the Annual Meeting of Terra to be held at Auditorium Paul Eynaud, L'Aventure du Sucre, Beau Plan, Pamplemousses, at 2.00 pm on 10 November 2020.

Yours faithfully,

OUR VALUES



Respect
Defines the way we relate to people in our Group and community.



Tenacity
Encourages us to work towards perfection through every endeavour.



Integrity
Guides our every action.



Passion
Gives us the strength and enthusiasm to contribute always with commitment.



Innovation
Inspires us to advance by taking the initiative.

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AN ODE TO NATURE

DELIVERING SUSTAINABLE VALUE

Through our core business and Group functions we are making a significant contribution to national and global developmental objectives. The United Nations Sustainable Development Goals (UN SDGs) provide the best articulation of what sustainable value should look like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Alongside Terra's values of – respect, tenacity, integrity, passion and innovation – we are committed to playing our role, as a private sector Group, in the attainment of these SDGs, working with Government, civil society, communities and other businesses. We have identified and prioritised the following six SDGs, where we believe we can have the most meaningful impact, both directly and indirectly. Our approach on delivering to these goals is reviewed in more detail in our Sustainability Report 2019.



Ensure access to water and sanitation for all



Ensure access to affordable, reliable, sustainable and modern energy



Promote inclusive and sustainable economic growth, employment and decent work or all



Make cities inclusive, safe, resilient and sustainable



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impacts



OVERVIEW

VALUE

we created in 2019

CUSTOMERS

CANE

Specialty sugars
in 12 varieties
88,095 T \wedge 8%



POWER

Power supplied
to national grid
426.8 GWh \wedge 1%

National energy mix
15% =

Share on national renewable
energy production
(from 16% restated)
17% \wedge 6%

Plant availability
on CEB network
92% \vee 1%



PROPERTY AND LEISURE

Land developed
this year
30.27 Ha

Visitors to
L'Aventure du Sucre
102,026 \vee 9%



BRANDS

Retail shops opened
in Beau Vallon, Bagatelle
and La Croisette
3

Direct B2B customers
(Mauritius)
12,700 \wedge 12%

Regular B2C customers
(Mauritius)
3,250 \vee 2%



VALUE WE CREATED IN 2019 (CONT'D)

EMPLOYEES

Investment on employee training
and development
MUR 7.8 M \vee 10%

Payment in salaries, wages
and other benefits
MUR 1,030.7 M \wedge 22%

Additional jobs provided
13



GOVERNMENT

Taxes paid in Mauritius
MUR 67.1 M \wedge 9%

Payment in customs and
excise duty in Mauritius
MUR 651.4 M \vee 4%



COMMUNITIES

CSR sponsorship channelled
through Terra Foundation
MUR 2.4 M \vee 11%

Projects sponsored
34 \wedge 3%



SUPPLIERS

Procurement spend
MUR 2,707.5 M \vee 8%



PROVIDERS OF FINANCIAL CAPITAL

Payment to banks
and other lenders
MUR 122.8 M \wedge 14%

Payment in dividends
to Terra shareholders
MUR 193.4 M =

Payment in dividends to outside
shareholders of subsidiaries
MUR 115.3 M \vee 2%

Earnings per share
MUR 1.16 \wedge 33%



OUR BUSINESS

at a glance

OUR ORGANISATIONAL STRUCTURE

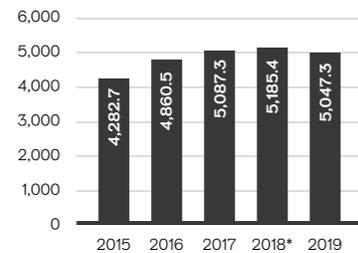
The Group consists of four autonomous clusters: Cane, Power, Brands, and Property and Leisure. Each cluster offers unique business know-how that sets it apart from its competitors and that provides a strong platform for value growth.

These clusters are autonomous in their decision-making processes, budgeting and reporting, as well as in the day-to-day running of their operations. The leadership team of each cluster is fully accountable for their cluster's respective performance, and is empowered to develop their own businesses and to realise international growth opportunities in line with proposals and plans approved by the Board of Directors.

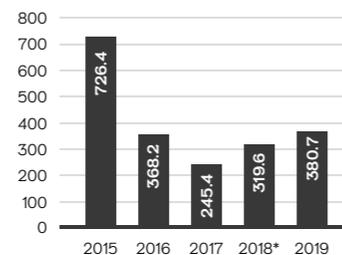
The clusters are supported by specific centralised functions aimed at developing a shared performance-based culture, and at driving operational excellence and efficiencies across the Group.

TERRA MAURICIA LTD

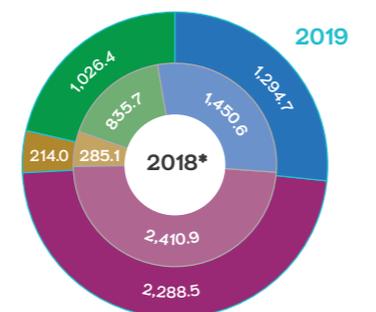
Group Turnover (MUR'M)



Group Profit after Tax (MUR'M)

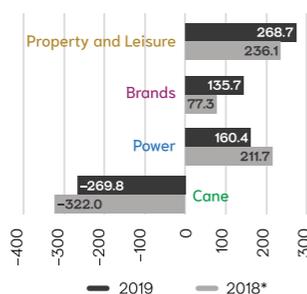


Turnover - Contribution of each Cluster (MUR'M)



— Cane — Power — Brands — Property and Leisure

Profit after Tax - Contribution of each Cluster (MUR'M)



* The 2018 figures have been restated.

OUR BUSINESS AT A GLANCE (CONT'D)



CANE

Employees at Terragri (Agriculture) **290**

Employees at Terra Milling **144**

Employee turnover rate **24%**

Land under cane cultivation **5,147 Ha** \downarrow 0.9%

Sugar cane milled **919,615 T** \uparrow 22%

Sugar produced **94,711 T** \uparrow 18%



POWER

Employees at Terragen **48**

Employee turnover rate **13%**

Renewable energy share (from 16% restated) **17%** \uparrow 6%

Power sold to CEB **426.8 GWh** \uparrow 1%

Availability on CEB network **92%** \downarrow 1%



BRANDS

Employees at Grays Inc. **531**

Employees at Grays Distilling **44**

Employee turnover rate **21%**

Own brands **24** =

Sales from spirits **51%**

Sales from wines **22%**

Alcohol produced **6 Million L** =



PROPERTY AND LEISURE

Employees at Novaterra **80**

Employees at L'Aventure du Sucre **66**

Employee turnover rate **14%**

Land developed **30.27 Ha**

Land under rent **62,767 m2** \downarrow 9%

CHAIRMAN'S message

It gives me pleasure once again to introduce Terra's annual Integrated Report, our third successive integrated report developed in accordance with the IIRC's International <IR> Framework.

The aim of this report is to provide Terra's shareholders, and other interested stakeholders, with a concise review of the Group's performance and governance practices for the financial year, and to outline the Company's strategic framework for long-term value creation. I encourage you, as one of Terra's stakeholders, to read this report and to give us your feedback, both on Terra's disclosure and its performance, as this will help us in our efforts to drive continuous improvement in our governance practices and the Company's performance.

Since the end of Terra's financial year on December 31, 2019, our economy, as well as those of all our main trading partners, have faced the most challenging prospects of containing the ravaging effects of Covid-19, a virus for which, at the time of writing, neither a cure nor a vaccine have yet been found. The regrettable and unfortunate loss of life of thousands across the world, of our families and friends, old and young, often those on the Health Service frontline, have been as devastating as the crippling effects that the various governments' imposed lockdown measures have had on the world economies. Through swift and effective ensuing measures, the Mauritian Government has successfully managed to contain the spread of the virus among the local population and limit the number of regrettable deaths. Unfortunately, however, it has proven extremely difficult, despite the best efforts of Government, to prevent the massive negative economic impact resulting from both the lockdown in Mauritius and the economic recession expected in the economies of our main trading partners. Although it is not possible at this stage to assess the duration and intensity of the unfavourable trade winds on global markets, including Mauritius, we will, at Terra, respond with determination and calm to protect our employees, protect our companies and adjust our strategies to face these new challenges.

Challenging world market conditions alongside structural difficulties

During 2019, we continued to face difficult world market conditions for our sugar production, with the price of sugar remaining below profitability levels, thereby placing continued pressure on the Company and the Group's revenue, profit and share price. While our traditional markets in the EU have been particularly affected, we are also feeling the continuing consequence of Brexit with the uncertainty in the trade negotiations between the UK and the EU negatively impacting one of our main markets.

This should not detract us from the structural difficulties that our highly regulated local sugar industry is facing. We operate in a relatively high cost environment compared to our main competitors in Brazil and India. The provisions of the recently adopted Worker's Rights Act in Mauritius have further increased local operating costs in the sugar industry. While we always seek to make further productivity gains in our operations, such additional costs make it more difficult to reach sustainability levels. It feels like almost a perfect storm for us, with negative pressures on the sales price of sugar and pressures of increasing operating costs; as a result, our Cane cluster remains significantly unprofitable. Fortunately, over the years, we have diversified our operations in other sectors of activity and the positive financial results generated in 2019 in these sectors have helped the Group to cover the losses of our Cane Cluster.

There is an urgent need on the national level to implement the necessary policy and regulatory changes that would allow the local sugar industry to compete on equal terms with its global competitors. We are convinced at Terra that such changes will bring sustainability to a local sugar sector that is still called upon to have huge beneficial repercussions for the country, socially, economically and environmentally. The recently elected Government has shown encouraging and positive signs of wanting to address the issues that continue to impact the competitiveness of our local sugar industry. At Terra, we are more than ever willing to work with the Government and other stakeholders, both locally and abroad, to carve out a sustainable future for the Mauritian Sugar Industry.

CHAIRMAN'S MESSAGE (CONT'D)

Improved operational results in a tough operating environment

2019 is the fourth consecutive year in which Terra has been executing its strategy of optimising value from the Group's core assets across the sugar value-chain and delivering value through its four major clusters: Cane, Power, Brands, and Property and Leisure. Despite the significant challenges associated with the current low sugar prices, we remained resilient against rising costs in the industry and achieved savings of some MUR 150 million over the last four years. While our Group's financial performance this year was not at the levels we are used to, given the operating context it was nevertheless remarkable. I believe that the measures taken, the performance and the prospects for each of Terra's four clusters provide an important foundation for long-term value growth. We will nonetheless need to continually adjust our strategies to uphold the new challenges facing all the economic sectors we are operating in.

Our quest for excellence in our **Cane** cluster and cost containment measures have gathered pace during 2019, with notable improvements in productivity across the entire chain. However, there remains a limit to which productivity gains can be made when costs continue to increase. We anticipate an adjustment of the supply and demand dynamics for sugar over time and we will continue to seek more sustainable avenues such as the production of specialty sugars, which receive a price premium.

Terra continues to engage actively with various key local stakeholders, including in particular with:

- The Mauritian Government to enhance the sector's competitiveness;
- The Mauritius Sugar Syndicate (MSS) to strengthen the branding and marketing of Mauritius' sugar; and
- Small-scale planters in an effort to encourage sustainable plantation of sugar cane.

The Government has recognised that the local Sugar Industry is at a significant cross-road, and that the persistent inherent problems must be addressed as a matter of urgency given the sector's significant contribution to the local economy, both directly and indirectly. This recognition is a very positive sign for us and I remain confident that the long-term fundamentals can be strengthened to allow for a sustainable future for the Mauritian sugar sector.

One of our biggest disappointments this year in our Cane cluster has been the performance of *Sucrivoire*, our associate in Côte d'Ivoire. A combination of adverse weather conditions and management issues presented significant challenges and *Sucrivoire* experienced financial losses. With our help on the technical assistance front, major steps have already been taken to improve its competitiveness and efficiency and we expect better results from this associate in 2020.

We experienced another "world-class" operational performance by our **Power** cluster this year, with Terragen remaining the most efficient and reliable energy provider to the Central Electricity Board (CEB). Terragen also remains one of the most price competitive suppliers to the CEB. Our 20-year contract with CEB to supply electricity to the grid expired in June 2020 and we have signed

an agreement with the CEB for its extension for the next five years, following constructive discussions. In line with Government's environmental policies, we have also offered to the CEB alternative options for Terragen to move from being coal dependent for a substantial part of its input to becoming an almost completely renewable energy supplier over a few years. Such a change would however have an impact on the costs of production and therefore our sale price of energy to CEB. Terragen is willing to keep playing a major role in being the most competitive and reliable supplier of energy to the country and we look forward to working closely with CEB and Government to achieve a gradual transition towards renewable sources of energy.

The **Brands** cluster had a good 2019 year in general despite increased competition. This illustrates our ability to understand our customers' needs, closing down certain lines that were less profitable and benefiting from improvements in our distillery operations. Our subsidiary company in the Seychelles also performed well this year, showing a marked improvement from 2018. This cluster remains well-structured in its bid to keep up with its successful record on innovation. Grays will also continue to seek additional efficiencies across the value chain, maintaining its strong distribution channels and focusing its marketing drive on key brands to maintain our leading role in the sector.

It has been encouraging to see our Beau Plan Smart City development well under way in 2019 with the launch of major infrastructure and construction work. The **Property and Leisure** cluster has made significant progress since its first two years of operation, which were focused on building the team and developing a new strategy, obtaining permits and performing light building works. During 2019, construction works started on the new Retail Centre and residential plots at Beau Plan. We are making significant investments in the various mixed activities of our Beau Plan Smart City, which will cover some 228 hectares in the Pamplemousses region. This development will have a significant impact on this strategic location on the island. With the airport accessible in approximately 40 minutes, we are providing a new "destination" for the population in the north of Mauritius. Notwithstanding the potentially negative impact of the Covid-19 effects on the local economy, the Property and Leisure cluster's performance during the year under review has laid a strong foundation for what we anticipate will be an important economic hub, providing an appealing commercial, residential, education and leisure environment, and a significant source of long-term value growth for the Group.

The Group's key **Associates** had mixed financial results in 2019, with strong performances from our investments in insurance and financial services companies. We had no major divestments in that year, but our emphasis is to maintain an exit strategy from our current non-strategic investments.

Overall, 2019 has been a challenging year for reporting our results, with changes in accounting methods this year and the adoption of new accounting regulations and guidelines. These changes gave rise to a number of impairments and prior year adjustments in our audited accounts.

CHAIRMAN'S

message (cont'd)

Maintaining oversight through a diverse Board

As a Board, our main responsibility is to oversee the Company and the Group's performance and strategic direction, and to ensure that our executive team fulfils its fiduciary and societal responsibilities, whilst maintaining the highest levels of good corporate governance at all times. The ultimate aim is to optimise value for the Group, its employees, its shareholders and other stakeholders. In fulfilling this task, we are fortunate to have a Board that brings valuable diversity in skills, experience and perspective, with directors who have worked across different industry sectors, as well as in academia and government. The annual Board Strategy Session meeting, where members of the Executive Management from each cluster present their strategy for the coming five years, provides an opportunity for the Board to challenge the Executive team. These strategy sessions also allow participants from different clusters to work together, cross-fertilize ideas and understand the importance and dependence of the interconnections between the clusters within the Group. I wish to thank all members of the Board of Directors for their invaluable contribution over 2019 and their support and availability since the Covid-19 outbreak. We were pleased to welcome Mr Pascal Raffray as a non-executive member of the Board of Directors in June 2019 and are pleased with his valuable contributions since joining us.

Appreciation

A company's ability to deliver value depends ultimately on the effort of its people, from the executive and management teams to those working in the fields and factories and on the shop floor. Throughout this challenging year and since the disruptions caused by Covid-19, Terra's employees have continued to make an invaluable contribution to the Group's performance under sometimes very difficult conditions. On behalf of the Board I would like to convey our sincere appreciation to Terra's employees for their continuing motivation and dedication.

Once again and on behalf of the Board, I wish to send my warmest thanks to our Managing Director, Nicolas Maigrot, and his management team for their work in defining and driving the Group's strategic vision. They have shown endless resilience during a very challenging 2019 and helped the Group produce improved financial results. Recently, they have managed the operations with calm and shown compassion while our employees and our subsidiaries were going through difficult times with lockdowns.

I wish once more to thank my colleagues on the Board for their precious advice and assistance, and to extend my deep appreciation to Terra's business partners and stakeholders, including especially those within the Government of Mauritius, for their collaboration throughout the year.

I have no doubt that the Group has the right strategy, systems and talent to deliver substantial value into the future. Reaching its full potential, however, will require further collaboration – with Government, regulators and industry peers – as we seek to address the challenges impeding the competitiveness of the Mauritian Sugar Industry in this very tough price environment. For the good of the country, its people, the economy and our businesses, it is essential that a long-term solution is found, the more so with the unprecedented international challenges we are now facing.



Alain Rey
Chairman of the Board
27 August 2020



MANAGING DIRECTOR'S message

"Change is the only constant in life"

This quote from the Greek philosopher Heraclitus, some 2,500 years ago, could not be more relevant today.

The Covid-19 has been the most unexpected scenario we could imagine, and it is very difficult to predict how the world will evolve in the coming years. What we know is that Mauritius, as a touristic island, being far from other countries, cannot live in isolation. Unlike economies of continental countries, our economy will be one of the worse hit by the virus. The Stimulus Package that the Government has given, and that it will be providing in the coming months, will only give us a short 'breathing space' before we face the harsh reality. This high dependency on tourism is expected to create massive unemployment and strong pressure on our currency, which we have already started seeing. Coupled with the above, the low level of savings in our country will, in a context of rising unemployment, have a considerable negative impact on demand.

How will Terra navigate in such unpredictable times? Our strategy will need to be constantly reviewed. We will need to be 'agile' so that we can ride the storm and we need to productively engage with Government in order to help the country ride it.

Fortunately, Terra's strong balance sheet will allow us to withhold the economic shocks resulting from the Covid-19 crisis. We have some resilient activities such as our Cane and Power clusters, as well as our investment in the Swan Group, which will hopefully support the less resilient activities in the Property and Leisure and the Brands sectors. 2019 has seen better operational results for Terra; this improvement mainly emanates from the Cane (on account of better sugar prices) and Brands clusters. Our Net Profit after Tax increased by 19% (from MUR 319.6 million in 2018 to MUR 380.7 million in 2019) and the profit attributable to the equity holders of the Company increased by 33% (i.e. from MUR 197.3 million in 2018 to MUR 262.8 million in 2019).

The adoption of the new accounting regulations and guidelines has been a tedious exercise for Terra, but we are now confident that the values shown in our accounts better reflect the net worth of the Group's assets and its financial performance.

In my message to shareholders last year, I highlighted that each of our clusters had been appropriately restructured with strong teams in place, along with compelling three-year strategic plans that provide a clear vision for the Group to deliver long-term value. With strong alignment across the executive team and directors, these structures continue to work well.

MANAGING DIRECTOR'S MESSAGE (CONT'D)

CANE: Improved efficiencies in a challenging price environment

This has been another very challenging year for Terra as the low sugar prices (despite their improvement) continue to place significant pressure on the Group's performance. The price of sugar ex-syndicate increased from MUR 8,700 per tonne in 2018 (the lowest in history) to MUR 11,384 per tonne in 2019, but remained below our break-even price. While additional revenues for by-products, such as molasses, increased the revenue per tonne to approximately MUR 13,104, this is still far from the sustainable price of MUR 17,000, as recognised by the industry. The *bagasse* revenue, as paid by the Government in 2017 and 2018, has not yet been released for the crop year in 2019. The Government has established a specialised committee to work on the matter with Ministries of Agriculture, Finance and Energy and we are hoping for a favourable outcome.

There were three major developments during 2019, which we believe will impact on and shape a sustainable model for the sugar industry going forward:

- The new Workers' Rights Act, which came into force in Mauritius in October 2019 and that will continue to put pressure on our cost of production in an industry that remains very labour intensive and highly regulated;
- The Government appointing the World Bank to commission a report that will make recommendations for sustainability measures for the industry; and
- A biomass framework announced by Government that we hope will provide the right value for *bagasse*.

At a company level, we continued to make representations to the Government to sell sugar at a reasonable price on our local market. Again, we are not seeking subsidies, but rather to be paid our true value to the economy. Given the substantial economic, social and environmental benefits of the Mauritian sugar industry, it is essential that we find solutions to some of the serious challenges that this sector faces.

At a sectoral level, we are working closely with the Mauritius Sugar Syndicate (MSS), the selling and marketing arm for the sugar industry in Mauritius, to move towards more value-added products. Mauritius produces 150,000 tonnes of specialty sugars and we have to recognise the efforts of our factory in helping to achieve this. At a personal level, as President of the MSS this year, I have the responsibility, in these difficult times, to ensure that all stakeholders work towards the same goal. This alignment of vision is necessary in order to have a sustainable sugar industry.

Within the Cane cluster, we have been taking bold steps this year to reduce our costs of production and improve efficiencies. We obtained very concrete results through lean management structures and techniques. We believe we can further reduce our cost of production, despite an inflationary period with the coming into force of the new Worker's Rights Act. However, we will need more flexibility in the future, and we hope that Government will introduce

the right measures to help our industry become more competitive. The shrinkage of land under cane cultivation is a major cause for concern; as an industry, we need to address this issue as a top priority. This year, we also started a trial on organic sugar, working with Bonsucro. Although this is a long-term process, it is essential that we move forward on this issue, especially due to the fact that organic sugar is taking market share from our specialty sugars on European markets.

Unfortunately, with the currently lower oil prices, we do not foresee any improvement in the price of sugar in the world market. Like our industry, the MSS is placing more effort on increasing the production of specialty sugars and is also working on streamlining the sugar refining operations in Mauritius. This combination will help to increase the price of our sugar in the future.

In terms of the Sugar Insurance Fund Board, we can only praise the Government for having paid the fair share of insurance to millers and medium to large-scale planters, which was due in 2018. This is clearly a good sign and shows Government's willingness to find a fair solution for our industry.

At Terra, we remain confident that the sugar industry has a future and will contribute significantly to the Mauritian economy while helping to develop a sustainable Mauritius, especially in these Covid-19 days.

With regards to our Côte d'Ivoire operations, we had another disappointing year at *Sucrivoire*. Major steps need to be taken to improve our competitiveness and efficiency. Terra was appointed as technical advisor and staff will be spending time in Côte d'Ivoire on a regular basis to share expertise. We are confident that this will turn around the situation at *Sucrivoire* and that we should reap the benefits in the future. We have also earmarked a plan to increase our sugar production in Côte d'Ivoire to meet internal demand and we are actively exploring finance opportunities to invest in this exciting project. The successful implementation of this sugar production increase project will determine the future of *Sucrivoire*.

MANAGING DIRECTOR'S

message (cont'd)

POWER: Working towards an energy transition strategy

Our Terragen plant remains amongst the world's 'best in class' power plants, both in terms of reliability and cost of production. The operation had another good year, generating 426 GWh of electricity with 92% availability and an after-tax profit of MUR 160 million. We increased our share of green energy by increasing the use of cane straw by 20% and *bagasse* by 15%, benefitting from both the improved weather conditions and the Medine sugar plant closure. The Government roadmap towards a greener Mauritius is unequivocal and Terragen will continue to strongly engage to help Mauritius to reduce its carbon emissions. We have signed an agreement for the extension, for the next five years, of our Power Purchase Agreement with the CEB. Our strategy and priority will, nevertheless, be to work in earnest on a model that is sustainable and goes in the direction of increased renewable energy. In this respect, we are working relentlessly on an energy transition strategy and we are aiming to increase our share of renewable energy by 50%. Our interim target is to produce 40% with the possibility to increase further in the coming years. To achieve this, heavy investment will be needed to turn our plant into the first hybrid power plant in the world that uses a unique combination of renewable energies, consisting of *bagasse*, cane straw, and solar energy to produce efficient base load electricity.

BRANDS: Investments deliver excellent results

This has been a substantially better year for the Brands cluster, reflecting the benefits of the investments in the distillery in the prior year, as well as the impact of a more focused strategy. Revenue for the year was up at MUR 2,289 million and profit after tax at MUR 136 million. The exercise on activity-based costing helped to focus our energy on more profitable brands and, despite the continuing difficult trading environment, we had a year of positive sales performance both in our own and managed brands. Grays is also reviewing all its internal processes to become a leaner company, which is promising for the coming years. Our subsidiaries in the Seychelles performed well this year, showing a marked improvement from the year before. We had been anticipating a valuable growth potential in the retail business and luxury hospitality sector, had it not been for the adverse impact of Covid-19 in 2020.

PROPERTY & LEISURE: Laying the foundation for long-term value

This has been a pleasing third full year in operation with the launch of the Beau Plan Smart City in May 2019, an important milestone for us. We met our budget for the year, delivering profit after tax of MUR 269 million and achieving MUR 214 million in rental income, management and development fees for services for the period, a 25% decrease on last year. Major investment infrastructure has been completed to unleash the potential of our smart city, including our retail park with 7,000 square meters that was scheduled to open in November 2020 before the outbreak of the pandemic. The success of a rapid sale of our residential plots and duplex apartments has comforted us on the great place that Beau Plan is and will become.

Covid-19 will obviously impact our activities in our Smart City in the coming years but will in no way be a deterrent to create a vibrant city in the Beau Plan. We unfortunately had to temporarily close *L'Aventure du Sucre*, being principally a tourist attraction.

Despite the pandemic, we still believe firmly that Beau Plan Smart City has a great future. We are currently reviewing our plan, taking into consideration the new environment we are facing. In the aftermath of the Covid-19 crisis, our Development team is extremely motivated and is finding 'out of the box' solutions to address the situation. This being said, the timing and conditions of the re-opening of our borders, coupled with the overall state of our local economy, will directly impact the strategy of our Property and Leisure cluster.

Acknowledgements

The Group's improved operational results are thanks to the hard work and commitment of our people across our various clusters. I wish to express my appreciation to my colleagues on the executive and the management teams in each of the clusters, as well as to Terra's employees at all levels in the Group, for contributing to the development and strong execution of our strategy, the more so in the unusual and exceptional circumstances where we found ourselves since mid-March 2020. They all deserve our gratitude for their unflinching commitment and resilience through these difficult times. I would also like to thank my colleagues on the Board for providing valuable advice and oversight as well as their support amidst the Covid-19 crisis.

Looking ahead, I am confident that we have the right people, know-how and plans in place to capitalise on our expertise and create long-term value for our shareholders and other stakeholders, subject however to the consequences of the pandemic, which are yet to be fully apprehended.

We will ride the storm!



Nicolas Maigrot
Managing Director
27 August 2020



The Group's profit this year increased by 19.1% to MUR 380.7 million, up from MUR 319.6 million in 2018, as restated, and after accounting for taxation of MUR 67.1 million in 2019. This performance is mainly attributable to increased profitability of the Brands segment and reduced losses in the Cane segment following higher sugar prices.

Our Net asset per share at 31 December 2019 was MUR 61.67 (the 2018 corresponding restated figure is MUR 57.17); this includes profit recorded for the year and the revaluation of our land and buildings in 2019, which gave rise to a revaluation surplus of MUR 1.2 billion. The Group's balance sheet remains strong with owners' interest improving by 7.9% to MUR 14.0 billion.

In the audited financial statements for the year ended 31 December 2019, the Group's prior year audited statements were restated. The prior year adjustments were mainly attributable to the reclassification of part of land and buildings from Property Plant and Equipment to Investment Properties, and the reversal of the related Group revaluation surplus as our Investment Properties are held at cost. The overall negative impact on Group reserves and retained earnings amounted to MUR 572.8 million and MUR 193.1 million respectively. The positive impact on the after-tax profit for the year ended 31 December 2018 amounted to MUR 86.1 million; this is mainly attributable to the restatement of associates' results, changes in accounting treatment on land sales and the depreciation adjustment on the reclassification of Property Plant and Equipment to Investment Properties.

Audit opinion

The "except for" qualification in the audit opinion relates to our investment in *Sucrivoire S.A (Sucrivoire)*, an associate company in Côte d'Ivoire, in which Terra's shareholding is 25.5%.

Sucrivoire's financial statements for the period under review are audited by qualified auditors in Côte d'Ivoire. Our Group auditor, KPMG, did not consider having received sufficient comfort from the auditors of *Sucrivoire* and accordingly deemed it appropriate to qualify our 2019 audit report.

Sucrivoire's share of net assets as at 31 December 2019 was MUR 560.6 million. The net asset value of this investment represents only 2.7% of Terra Mauricia's total assets, which are worth MUR 20.6 billion.

Group profits continue to be impacted by low sugar prices

Group revenue for the 2019 financial year remained almost flat at MUR 5,047.3 million, compared to MUR 5,185.4 million in 2018.

Gross profit for the Group has increased by MUR 114.6 million to MUR 1,203.8 million, while Group EBIT increased by MUR 262.2 million to MUR 515 million. This improvement was mainly driven from reduced losses in the Cane segment (on account of better sugar prices) and the improved performance of the Brands segment.

In the Cane segment it is worth noting the gain arising from changes in fair value of our standing crop, which was curtailed by the impairment of Terra Milling intangible assets (MUR 98.3 million), Terragri bearer plants (MUR 32.4 million), as well as one-off restructuring costs of MUR 44.0 million and provisions of MUR 40.0 million. The Cane cluster posted a loss of MUR 269.8 million in 2019, which included losses of MUR 129.0 million from *Sucrivoire*; this compares with a MUR 322.0 million loss in 2018, which includes *Sucrivoire* losses of MUR 45.7 million.

The Power cluster contributed profits of MUR 160.4 million. Brands profitability increased by MUR 58.4 million to MUR 135.7 million, due to improved production efficiencies at Grays Distilling, coupled with Grays Inc. improving its sales margins while reducing its non-recurring expenses. The Property and Leisure cluster continues to improve its performance, resulting in an after-tax profit of MUR 268.7 million, up by MUR 32.6 million on last year.

At Group level, the 5.4 % year-on-year increase in depreciation and amortisation of MUR 19.3 million is aligned with capital expenditure incurred. Finance costs for the year stood at MUR 118.0 million, up from MUR 83.0 million, mainly as a result of increased borrowings to finance capital expenditure and investments. The share of profits from associates decreased by MUR 83.1 million, despite the solid performance of our investments in insurance and financial services; this was primarily due to losses recorded by *Sucrivoire* impacted by sugar-cane diseases and sub-par mill efficiencies.

Out of Group profit of MUR 380.7 million for the year, profit attributable to equity holders of the Company increased by 33.2%, from MUR 197.3 million in 2018 to MUR 262.8 million in 2019. Consequently, Earnings per share increased by MUR 0.29 cents to MUR 1.16, compared to 87 cents last year, as restated.

	2019 (MUR'M)	Restated 2018 (MUR'M)	Change %
Revenue	5,047.3	5,185.4	-2.7% ↓
Profit before			
finance costs (EBIT)	515.0	252.8	103.7% ↑
Profit after tax	380.7	319.6	19.1% ↑
Earnings per share (EPS)*	1.16	0.87	33.3% ↑
Net asset value			
per share (NAV)*	61.67	57.17	7.9% ↑
Gearing**	0.190 : 1	0.162 : 1	-
Dividend per share*	0.85	0.85	0.00% =

* Values are shown in MUR

** Debt / (Debt + Equity)

FINANCIAL REVIEW (CONT'D)

Strong balance sheet maintained and dividends paid

The Group invested an additional MUR 201.4 million in property, plant and equipment to maintain and improve plant operational efficiencies. Our investments in associates and financial assets are fair valued using the mark-to-market method for all quoted investments, and discounted cash flow (DCF) valuation principles where appropriate.

Our investment portfolio decreased by 9.5 % to MUR 3,426.0 million, after reclassifying investments as 'Non-current assets classified as held for sale' for an amount of MUR 580.7 million. Total assets reached MUR 20,567.3 million, up on the restated amount of MUR 18,649.4 million in 2018.

Owners' interest increased by MUR 1,025.0 million to MUR 14,033.7 million, mainly due to land revaluation and profits generated for the year.

Group net debt amounted to MUR 3,049.5 million, an increase of 31.6% over last year. Net debt to equity is at 20.3% and remains low in terms of the Group's borrowing capacity.

Net asset value increased by MUR 4.50 per share to MUR 61.67 per share. Market capitalisation of the Group was at MUR 4,550.9 million at 31 December 2019. In line with our current dividend policy, the Company paid a dividend of MUR 85 cents per share to its shareholders.

Salient cash flow movements

Cash from operating activities and working capital movements amounted to MUR 44.8 million, while net cash used in investing activities stood at MUR 439.5 million. The investments were mainly in property, plant and equipment (MUR 201.4 million), replantation costs of MUR 47.1 million, purchase of investments properties of MUR 301.9 million and intangible assets acquired (MUR 10.1 million).

Terra also applied funds towards equity investments in Inside Equity Fund (MUR 173.3 million), made a deposit on investments of MUR 161.4 million and other investments including The Green Coast International School Ltd (MUR 2.0 million).

Cash inflows were mainly derived from proceeds realised on the sale of land (MUR 248.9 million) and of fixed assets (MUR 26.2 million), as well as proceeds on the sale of investment properties (MUR 20.6 million) and sale of investments (MUR 19.1 million). Other cash inflows consisted of dividends received (MUR 75.2 million), loans recovered (MUR 53.6 million), interest received (MUR 8.7 million), and investment income received (MUR 3.7 million).

The net cash from financing activities amounted to MUR 489.8 million; this consisted mainly of funds raised from financial institutions (MUR 798.5 million net of repayments), which were used to finance investment projects and acquire investments. Overall dividends to Terra and the minority shareholders of its subsidiary companies amounted to MUR 308.7 million, at much the same level as last year.

After taking into consideration the above transactions, overall cash and cash equivalents increased by MUR 95.1 million to MUR 451.6 million.

Outlook for 2020

The world is currently facing an unprecedented challenge in the handling of the Covid-19 pandemic. The latest International Monetary Fund projections published in June 2020 indicate that the global economy is likely to shrink by 4.9% this year. The negative impact on the Mauritian economy is estimated to be significantly higher due to the particularly crippling impact of the Covid-19 crisis on the tourism industry, which, in view of its high multiplier effect, is an important pillar of our economy.

At this stage, with poor visibility on how long Covid-19 will last and on the exact extent of its ensuing consequences, it is anticipated that our activities in the Property and Leisure and Brands segments will be significantly affected by this crisis. The Group's strategy of optimising value from assets that it controls and manages remains the right platform for long-term growth.

Terra remains focused on pursuing its strategy of investing in, and improving the efficiency of, its core activities, and completing the investment in the retail park and the relating infrastructure of the zones under development. Our efforts and attention remain dedicated to improving our EBITDA margin, increasing the overall Group return on equity (currently at 2.5 %), and closely monitoring our free cash flow from operations.

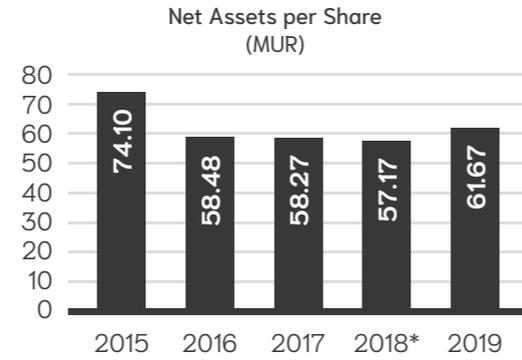
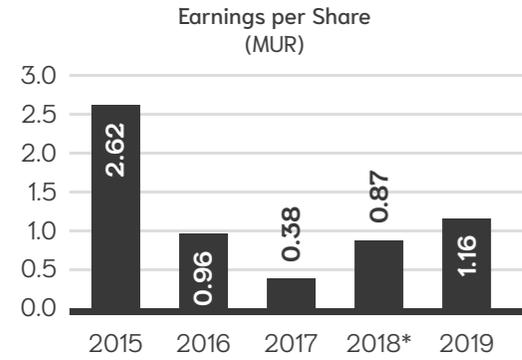
I wish to thank the Board and my colleagues on the executive and finance team for their dedication and guidance throughout the year, and I look forward to addressing the ongoing challenge to meet our objectives.



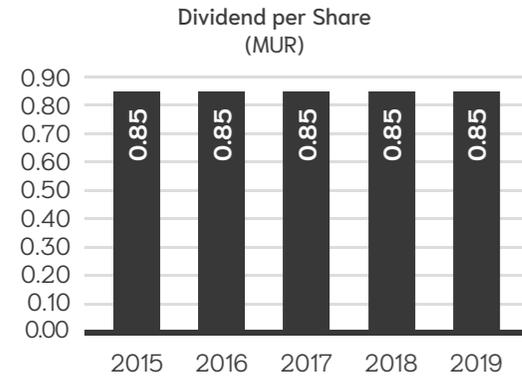
Henri Harel
Group Chief Finance Officer
27 August 2020

FINANCIAL

review (cont'd)



*: The 2018 figures have been restated.



MANAGING

Our Material Risks

RISK MANAGEMENT

Terra has a structured and systematic process of identifying and managing all material risks across the Group. During the 2019 financial year, there were no specific risk incidents resulting in significant financial loss to the group or that negatively affected our stakeholders or the economic life of the communities in which we operate.

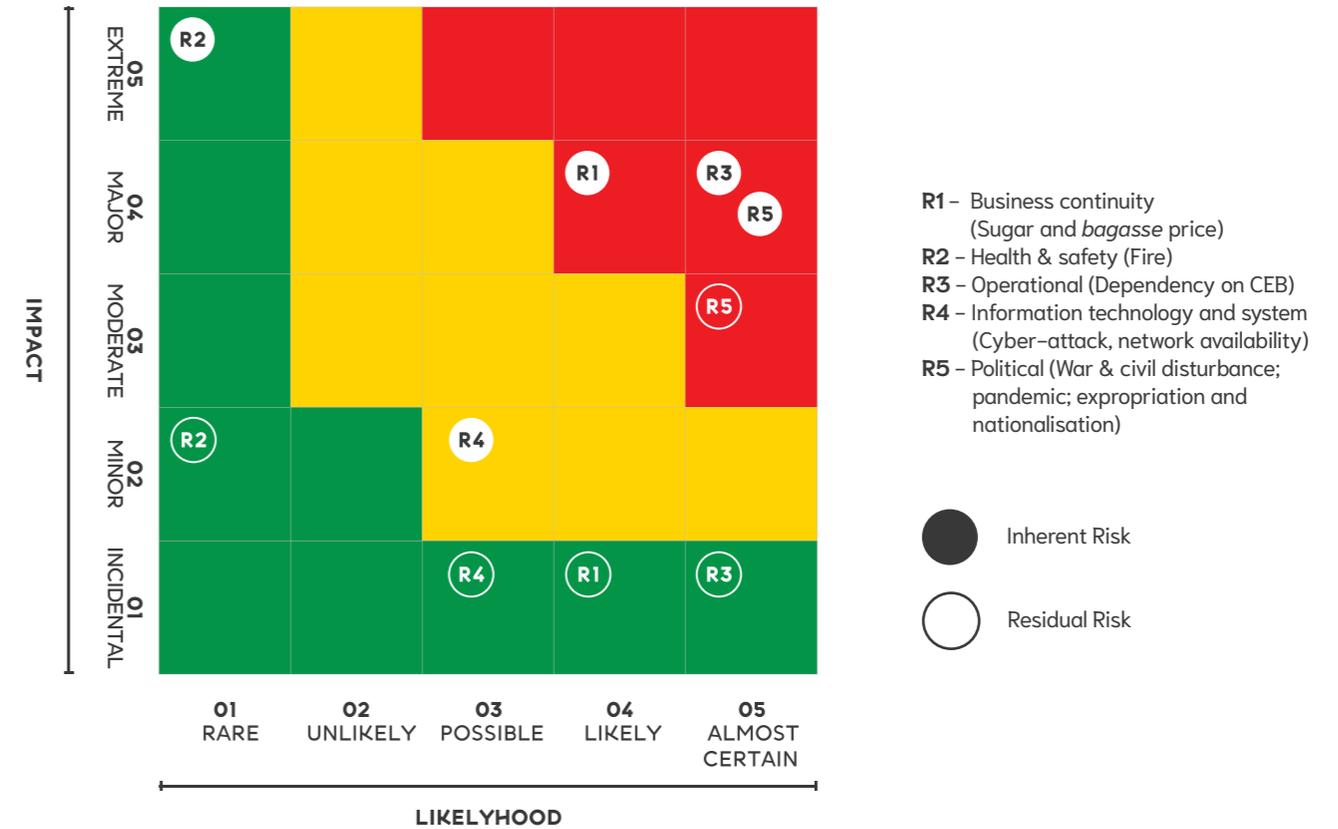
The principal risks that have a material impact on Terra's ability to create value at Group level are outlined in the heat map below. Cluster-level risks are shown in their respective operational review on pages 30 to 55.

ROLE OF THE BOARD AND AUDIT AND RISK COMMITTEE

The Board provides oversight over Terra's risk framework, policies and processes. While it delegates these matters to the Audit and Risk committee it remains ultimately responsible for the development and implementation of the risk management strategy and plan.

The Board is satisfied that the Group's risk management processes are effective and details of the internal controls, audit and risk-management framework are shown on pages 86 to 87.

HEAT MAP

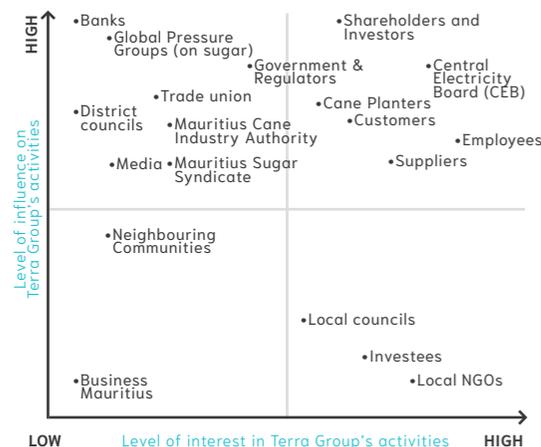


OUR STAKEHOLDER relationships

Our ability to deliver value depends ultimately on the contribution and activities of a range of different stakeholders, and on the nature and quality of the relationship that we have with these stakeholders at both a Group and individual cluster level. There are many various stakeholders who have an interest in, and who can exert some influence over our decisions and activities. The nature and impact of these different stakeholder relationships vary significantly between each of our clusters.

In the diagram below, we briefly outline those stakeholder groups that we believe have the most substantive impact on the ability of Terra as a whole to create value over the short, medium and long-term. We have prioritised these stakeholders, informed by our assessment of their level of interest and dependency on our activities, and by the extent to which they can influence the development and execution of our strategy.

In the accompanying tables we briefly review the 'value contribution' of each stakeholder group to Terra, summarise how we engage with that group, identify their priority interests relating to our activities, and provide our assessment of the quality of our current engagement activities with that stakeholder group. Additional context on these stakeholder relations is provided in each cluster review.



VALUE CONTRIBUTION

EMPLOYEES



The skills, experience, productivity and enthusiasm of our employees is the foundation of Terra's ability to deliver value.

SHAREHOLDERS & INVESTORS



Shareholders and investors provide the financial capital needed to sustain and grow the business. An overview of the shareholding ownership structure is provided on page 79.

GOVERNMENT & REGULATORS



Government and regulators provide us with necessary operating licences, and with the regulatory and policy framework that is critical to value creation. They inform what we can do, how we do it, and where we can operate.

INDUSTRY ORGANISATIONS



Engaging with these organisations is key to driving business best practice, identifying new opportunities, and creating a conducive long-term business environment.

SUPPLIERS & SERVICE PROVIDERS



Maintaining positive supplier relationships, based on mutual respect, enables us to provide our products, and deliver our customer value proposition efficiently and effectively.

CUSTOMERS



Meeting the needs of our customers – through the specific 'customer value proposition' for each cluster – is the basis for all other values we create. We have a diversity of customers, from wholesale and retail operations to individual consumers across a range of income groups and countries.

CENTRAL ELECTRICITY BOARD



The CEB is our principal client for energy generated at Terragen; we strive to maintain this relationship on a long-term basis by providing a reliable and cost-effective supply of energy, and supporting the Government in its commitment for greener energy.

CANE PLANTERS



We rely on a regular supply of cane from independent small-scale cane producers to maintain the productivity of our mills and produce our premium specialty sugars. Due to current price challenges farmers are leaving the sector, and there is low interest in the younger generation.

LOCAL COMMUNITIES



These stakeholders provide us with our reputation and societal legitimacy, and are often very valuable partners in highlighting challenges to be addressed and finding solutions, including investments in projects.

HOW WE ENGAGE

In addition to internal newsletters and website, we have periodic management / employee meetings, individual personal interactions and training. We run surveys every two years with our employees to assess the levels of employee engagement and remuneration. No surveys were undertaken in 2019. In two clusters (Property and Leisure and Cane) we have rolled out a culture engagement journey, identifying certain values to embed into their operations along with an external coach, an interactive culture session and monthly meetings to co-create a working culture.

We communicate through our website, annual integrated report and annual general meeting regarding our performance and strategy. Announcements and communiqués are regularly issued through the Stock Exchange. Certain members of the executive team also meet personally with key investors. The Chairman and four other members of the Board are also members of the Board of the main shareholder.

We seek to maintain positive relationships with Government through:

- Direct personal engagement on specific issues;
- Participation in public forums;
- Submissions on draft regulations;
- Engagement through industry bodies; and
- Collaboration on national development plans.

We are active participants in numerous industry associations, including (but not limited to): the Mauritius Sugar Syndicate (MSS), the Mauritius Chamber of Agriculture and Business Mauritius. In 2019 our Managing Director became President of the MSS for two years.

We engage regularly with key suppliers and service providers across our clusters to ensure a mutually beneficial relationship, particularly in relation to the provision of critical products, raw materials and services.

The nature of our engagement varies across clusters and customer type. We strive to engage regularly and be responsive to customer interests across our value chain, seeking feedback through individual engagements, as well as broader customer surveys and research. In-house communication and other strategic teams ensure we remain connected to customers and are quick to respond.

We maintain a strong and transparent relationship with our client through various communication channels: telephone, meetings, satisfaction survey.

We communicate directly with planters through various channels, including regular meetings before and during harvest, one-to-one in fields, monthly liaison meeting with Farmers Service Centre. We also engage regularly with authorities to identify opportunities to appropriately motivate the next generation of planters.

We communicate and engage directly with neighbouring communities through Terra Foundation and our individual business units to promote community development at both a regional and national level and ensure good communications regarding environmental issues.

KEY STAKEHOLDER INTERESTS

- Competitive remuneration
- Opportunities for personal development and upskilling
- Clear career paths
- Safe and healthy working conditions
- Clear communication and engagement across the Group
- Employee morale and corporate culture

- Delivery of dividends
- Strategy to ensure continued growth, and to responsibly manage the risks and opportunities in our markets
- Responsible allocation of capital
- Sound corporate governance
- Climate change and greening investments

- Ensuring regulatory compliance
- Protecting consumer interests
- Contribution to the tax base
- Promoting opportunities for job creation and economic development
- Corporate Social Responsibility
- Climate change mitigation / green energy
- Flood mitigation
- Independent sources of electricity and water (property development)

- Provision of leadership
- Collaboration
- Contributing to the collective business voice
- Structural reform

- Timely payment and fair terms
- Realising joint opportunities for growth

- Quality product and service
- Appropriate price
- Continuity of supply
- Relevant product information
- Partner relationships (tenants)

- The reliable and cost-effective supply of energy
- Open communication on plant performance

- Open and effective communication
- Assurance that the mill will crush the canes in a timely and efficient manner and deliver the sugar produced to the MSS
- Access to finance and labour
- Structural reform

- Transparency and accountability
- Corporate Social Responsibility and NGO partnerships
- Investment in community infrastructure
- Access to job and supplier opportunities
- Good environmental practices

QUALITY OF CURRENT ENGAGEMENT

★★ **Embedded** | Structured engagement processes are in place that inform operational decision-making and are properly embedded in management processes, with clear follow-up action.

★★★ **Developing** | Generally good engagement with some thought applied in developing an effective engagement process, but it is not structured; no clear performance objectives.

★★★ **Developing** | Generally good engagement with some thought applied in developing an effective engagement process, but it is not structured; no clear performance objectives.

★★★ **Strategic** | High quality engagement mechanisms in place, embedded in governance processes with links to strategic objectives; in depth response mechanism implemented.

★★ **Embedded** | Structured engagement processes are in place that inform operational decision-making and are properly embedded in management processes, with clear follow-up action.

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OPERATIONAL REVIEW



CANE

Terra has been growing sugar cane and producing sugar since 1838, when the Harel brothers acquired the Belle Vue sugar estate in the north of Mauritius.

Today we have around 6,000 hectares of agricultural land, and we operate one of the most modern sugar producing factories on the island with a processing capacity of 336 tonnes of cane per hour. In a typical year, the mill processes around 875,000 tonnes of sugar cane and produces 93,000 tonnes of sugar. We also jointly manage two sugar estates and factories in Côte d'Ivoire.

Our purpose is to be a global player in growing cane and manufacturing sugar, with a particular focus on specialty sugars.

CANE BUSINESS MODEL

VALUE DRIVERS		CONTEXT AND OUTLOOK
Revenue Driver (Price) Market demand and pricing	Commodity business shaped by supply and demand dynamics in the global sugar market, as well as local pricing determined by the Mauritius Sugar Syndicate (MSS).	<ul style="list-style-type: none"> With low global sugar prices below profitability levels, an adjustment of the supply and demand dynamics through Government policy support is vital for industry survival; Mauritius as a relatively small global producer continues to face a number of market obstacles with little structural reform. The sugar price has levelled out with slight recovery, yet still remains a risk of not reaching break-even point; the newly formed Government in Mauritius has shown positive signs of engagement with the industry.
	Securing a price premium through distinct offering of specialty sugars.	<ul style="list-style-type: none"> Mauritius has specialised in the manufacture of a wide range of specialty sugars, appealing to discerning customers and many agro-industrial ventures as healthier ingredients for finished food products; products are all marketed by the MSS which has become a reference for these unrefined specialty sugars.
Cost Driver (Price) Material cost efficiencies	Efficiency gains in our growing and milling activities.	<ul style="list-style-type: none"> We have adopted a predominantly defensive strategy aimed at driving operational efficiencies in both our Belle Vue and Côte d'Ivoire operations. We benefit from our state-of-the-art technology and skills in the mechanisation of cane growing and harvesting. Our most significant costs relate to labour, followed by repairs and maintenance, fuel and fertilisers; activity-based costing exercises undertaken in our fields, mills and garage enable further optimisation and we are on track to achieve our 2022 cost of production / tonne target. We foresee significant cost increases with the newly introduced Workers' Rights Act 2019 in Mauritius. We continue to review possible growth opportunities internationally that harness our recognised technological and process skills.

MATERIAL RISKS

- Payment of adequate price for *bagasse*.
- Continuing volatility in global sugar prices and changing global trade dynamics resulting in uncompetitive sugar in the global market.
- High cost of production along with decreasing supply of cane causing reduced productivity.
- Susceptibility to the uncertainties of changing weather and climate affecting the cane yield.
- Failure of plant equipment causing disruption of operations.
- Presence of combustibles (cane, *bagasse*, sugar) or electrical equipment causing a fire outbreak.
- Inability to reach a consensus on conditions and benefits of workers during negotiation leading to strike or labour dispute.
- Interruption of electricity and steam supply by Terragen stopping production.

CAPITAL	MATERIAL INPUTS (2019)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2019)
PEOPLE 	<p>Terra Milling employees 144 permanent & 258 temporary.</p> <p>Terragri employees 290 permanent & 131 temporary.</p>	<ul style="list-style-type: none"> Delivered training on ISO 45001: 2018 (Health and Safety) to the new leadership team of Terra Milling. Firefighting skills training delivered in Terragri (Agriculture). Executive and leadership development coaching programmes ongoing. Introduced physical and mental exercises to employees to mitigate stress and other psychosocial hazards. 	<p>Injury rate 53 (↗42%)</p> <p>Accident rate Terra Milling: 60 (↗25%) Terragri (Agriculture): 27 (↘4%)</p>
MANUFACTURED 	<p>Agricultural and milling equipment</p>	<ul style="list-style-type: none"> Annual maintenance and critical spares kept in stock. Regular inspection by consultants and monitoring of equipment during operation through computerised system (SCADA). Fire safety and protection procedures in place. User access rights on operator terminals and regular server backups; access to USB ports disabled to enhance cyber-security. 	
NATURAL 	<p>Land under cane cultivation 5,147 Ha (↘0.9%)</p> <p>Water consumed 5.6 M m³ (↗4%)</p> <p>Liquid mineral fertilisers 1,546 T (↘1%)</p> <p>Steam from Terragen 931,467 GJ (↗15%)</p>	<p>Sugar cane milled 918,923 T (↗22%)</p> <p>Organic fertilisers 13,917 T (↘1%)</p> <p>Solid fertilisers 457 T (↘56%)</p> <p>Diesel 1,085 m³ (↗58%)</p>	<ul style="list-style-type: none"> Initiatives to motivate the next generation of planters. Measures to optimise water consumption and better utilisation of effluents for irrigation. <p>Own cane harvested 388,715 T</p> <p>Specialty sugar produced 88,095 T (↗7.6%)</p> <p>CO₂ produced (from diesel) 2,825 T (↘36%)</p> <p>Oil used 4 m³ (↘7%)</p> <p>Vehicle tyres used 15 T (↘4%)</p>

CAPITAL	MATERIAL INPUTS (2019)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2019)
SOCIAL AND RELATIONSHIP 	<p>Quality relationships with key stakeholders including: MCIA, MSS, Terragen, planters, employees and trade union representatives, and service providers.</p>	<ul style="list-style-type: none"> Launched a Culture and Engagement Journey for employees. Workers' council meets twice a year and 96% of workers are unionised. Clear communication and collaboration with Terragen to maintain electricity and steam supply; vertical integration enables stability and growth. Active chairing of the MSS by the Managing Director of Terra; active engagement with government stakeholders and assisting MSS to strengthen the branding and marketing of Mauritius' premium specialty sugars, and exploring new market opportunities. 	<p>Employee turnover rate 24% (2018: 4%)</p> <p>Days lost to strike action 0</p> <p>Deferred tax credit MUR 10.8 M</p>
INTELLECTUAL 	<p>International certifications, including BRC, GMP, Halal and C-TPAT.</p> <p>Application of HACCP Codex Alimentarius.</p> <p>A registered SEDEX B member and subject to annual third-party audit on local and international labour laws, health, safety and environmental regulations, and business ethics.</p>	<ul style="list-style-type: none"> Renewal of certificates and customer second party audits to ensure safety of product and system, social and environmental compliance. Improving efficiencies across our growing and milling operations. New technologies and software adopted for precision farming. Initiated 'lean management' principles in collaboration with the National Productivity and Competitiveness Council (NPCC) and continuing with Kaizen process. 	<p>Continuous improvement in farming and manufacturing techniques.</p> <p>Production cost (agriculture) MUR 14,300/T (↘4%)</p> <p>Production cost (milling) MUR 5,300/T (↘15%)</p> <p>Cane processing 305 T/hr (=)</p>
FINANCIAL 	<p>Cane cluster total equity (Jan 2019) MUR 7,681.3 M</p> <p>Total borrowings MUR 897.0 M</p> <p>Capital expenditure MUR 149.2 M</p>	<ul style="list-style-type: none"> Actively managed the financial performance through weekly executive meetings, monthly management meetings and regular Board meetings 	<p>Turnover MUR 1,026.4 M (↗23%)</p> <p>Loss MUR 269.8 M (↘16%)</p> <p>Cane cluster total equity (Dec 2019) MUR 6,557.7 M</p>

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION OUR RESPONSE

Sustaining supply from small-scale cane producers – Around 42% of our cane is produced by Terra, the remaining is produced by large (38%) and small (20%) growers, thus making us reliant on a regular supply of cane from independent small-scale cane producers. With the price of sugar remaining low and the difficulty in securing labour, some farmers are leaving the sector and there is generally low interest in the younger generation to work in the fields. This year, the volume of cane secured from planters was 395,000 tonnes, similar to last year and 478,000 ten years ago.

To ensure a regular flow of cane to our mill, we are placing a strong focus on reviving the interest of existing and prospective independent cane planters. We have a team that works with and advises small farmers on harvesting, weeding and transporting the cane. We continue to work with authorities to identify opportunities to appropriately motivate the next generation of planters.

Water availability – 60% of our fields are directly dependent on local rainfall, and thus susceptible to the uncertainties of changing weather and climate. In terms of irrigation for the remaining 40% of our fields, we face increasing competition from other users as the economy grows in the water-scarce north of Mauritius.

We undertook a detailed assessment of water-related risks and opportunities facing the business and we continue to implement measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.

Continuing volatility in global sugar prices – In 2019, the price of sugar remained very low despite a slight recovery, continuing to negatively impact on global sugar producers outside tariff-protected countries. In Mauritius, the price of sugar ex-syndicate increased from MUR 8,700 per tonne in 2018 (the lowest in history) to MUR 11,384 per tonne in 2019. This remains considerably lower than the price of MUR 17,000 per tonne required to sustain operations.

Discussions are continuing between growers, millers, the MSS, and Government; the outcome of these negotiations remains to be seen. With low sugar prices anticipated at least for the short term, we have maintained a strong focus on enhancing efficiencies across our growing and milling operations and have made significant progress in reducing the cost of production.

Challenging sugar trade dynamics – The global sugar market was profoundly affected by the European Union's abolition of sugar quotas in October 2017, which contributed to a global supply surplus and resulting lower sugar prices. The global sugar market is also impacted by strong protectionist measures in many sugar-producing countries, such as in Europe and India where producers are given subsidies, and the fact that Brazil, historically the largest sugar producer, mainly produces for their own internal use and for the production of ethanol for energy, with surplus being sold onto the global market. This results in very different pricing competitors to Mauritius.

With high competition for specialty sugars in European markets, greater focus will be placed on emerging markets such as China and India. The Mauritian government has signed an agreement with China to start exporting sugar there in 2021. We are working actively with the MSS to assist them in strengthening the branding and marketing of Mauritian sugar, and to identify new market opportunities particularly in our distinctive specialty sugars. We believe that the longer-term fundamentals for sugar remain strong, particularly given growing consumer demand in emerging markets and for healthier, unrefined sugars that command a price premium.

Structural challenges in the Mauritian sugar sector – The Mauritian sugar sector has some unique features, including a highly-regulated labour environment and a centralised organisation, the MSS, responsible for the marketing and sale of all locally-produced sugar. With revenue being centrally controlled, we can only focus on new products and reducing our cost of production. Given that it is very difficult to mechanise on mountain flanks or on small fields, our industry remains very labour intensive. In the context of a sector that has already comparatively high labour costs, the Worker's Rights Act, which came into force in Mauritius in October 2019, further negatively impacts the sector's global competitiveness. We foresee significant costs increases in relation to the remuneration orders.

Given the cross-roads that the industry finds itself at – with the challenging trade and price dynamics in the global sugar market, and with the substantial contribution of sugar to the Mauritian economy – the industry has submitted a proposal for structural reform, driven by the MSS and Business Mauritius. Suggested measures to enhance local competitiveness include: reviewing the current regulatory context for labour; providing better reward for the sector's renewable energy sources (*bagasse*); and ensuring that millers receive fair return from the Sugar Insurance Fund Board (SIFB). In terms of *bagasse*, the government has established a specialised committee to work on the subject with Ministries of Agriculture, Finance and Energy.

CANE (CONT'D)

OUR 2019 PERFORMANCE

In the context of low sugar prices, this has continued to be a challenging year for the business. The Cane cluster posted total losses of MUR 269.8 million, compared to losses of MUR 322.0 million in 2018. We incurred losses both in our Mauritian operations (MUR 140.8 million) and at our associate company in Côte d'Ivoire, *Sucrivoire*, in which Terra holds a 25.5% stake (The share of loss from *Sucrivoire*, amounted to MUR 129.0 million (against losses of MUR 45.7 million in 2018).)

For the crop 2019, Terra Milling processed 919,615 tonnes of canes, including 136,234 tonnes of canes from Medine factory area (2018: 751,121 tonnes). This resulted in 52,563 tonnes of sugar accruing to the Group (2018: 47,193 tonnes), with 20,586 tonnes attributable to milling operations (2018: 17,475 tonnes) and 31,977 tonnes to growing operations (2018: 29,718 tonnes). Terra Milling produced 94,711 tonnes *tel quel* of raw sugar (2018: 80,480 tonnes), and therefrom 88,095 tonnes of specialty sugars (2018: 81,907 tonnes). The average sucrose content stood at 11.85% (2018: 12.02%). On the growing operations side, the extraction rate stood at 10.43% (2018: 10.82%) with an average yield of 8.37 tonnes of sugar per hectare (2018: 7.95 tonnes).

In Mauritius: Driving efficiency and innovation

We continued with our internal reorganisation to drive down the costs of production across our operations and activities and, as far as possible, to reduce our break-even price. We made very pleasing progress this year in further reducing costs, on par with our 2022 vision. Given the structural challenges in the Mauritian sugar sector and rising costs in the industry, this in itself was a big achievement. We delivered marked cost reductions through a number of field innovations, including precision farming and the application of more efficient machinery. We expect to save up to 20% of fertilisation costs and meet our target by 2021. We made further advancements towards precision agriculture with the purchase of a new drone, which takes pictures of the fields on a weekly basis. This assists us in spotting weeds to prevent infestation, deficiencies in the soil and gaps in the fields. We implemented a comprehensive operation management software called CanePro. We also bought a new planting machine from Argentina, which has reduced the number of runs in the field from four to one. It remains essential for our business to be agile and to find such innovative solutions, while upskilling our staff in the process.

In 2019, we invested MUR 20.0 million in automation projects (as part of an investment plan of MUR 60.0 million over a three-year period), this has already yielded positive changes in the mill performance and improvement in efficiencies.

This year, the mill operated on average 19.4 hours per day and crushed an average of 5,929 tonnes of canes (2018: 18.9 hours and 5,734 tonnes). The extraction rate of the mill improved to 97.41 (2018: 97.20), while the milling rate was 305.8 tonnes per hour (2018: 303.4 tonnes). Through our efficiency initiatives and combined with a greater volume with Medine canes, our cost of production at the mill for the 2019 crop amounted to MUR 5,300 per tonne (2018: MUR 6,200 per tonne).

We also managed to save MUR 20.0 million in operating cost on the growing activities, compared to 2018. We have made significant progress along our supply chain resulting in cost optimisation and efficiency gain and anticipate being at par with targets set out in our Vision 2022.

We also made valuable progress on research and development relating to organic sugar, identifying 175 hectares to be converted to organic cane over the next three years. Although growing organic cane is not difficult, our challenges in this process include weed control, risk of cane fire, and the co-habitation of vegetable production with organic cane, as well as the one of non-organic cane grown by other planters with Terragri's organic cane. While the major challenge will be in the milling side of our activities, the three-year period it takes to achieve certification gives us ample time to find organic substitute for chemicals. In our growing activities organic fertilisers will be easier to identify. To achieve the Mauritius Chamber of Agriculture's vision for 1,500 hectares of land to be converted to organic in the next three years, all growers will need to invest further in their land and Terra is ready to meet this challenge.

The undervaluation of *bagasse*, the main by-product left after cane has been processed for sugar and which is used to produce renewable energy in Mauritius, remains a major challenge for us. While we continue to improve on our operational efficiency, we need the Government to recognise the value of this important energy source. On a more positive note, this year we received MUR 70 million as compensation on the 2018 crop from the Sugar Insurance Fund Board (SIFB). This is a good sign that Government is willing to work with and help the industry.

We started a Culture and Engagement Journey towards the end of 2019 with 25 employees within the Cane cluster, which will continue into 2020. Working in an industry that faces constant financial stress can impact on staff morale, making engagement essential. The culture journey includes a life coach, interactive sessions with homework and monthly meetings. It is geared towards cultivating, harvesting and sustaining a strong culture of being results oriented, a learning and caring organisation. This will be rolled out to all employees within the business.

OUR 2019 PERFORMANCE (CONT'D)

In Côte d'Ivoire: Another disappointing year

This has been another disappointing year for the two sugar estates and factories in Côte d'Ivoire that we manage together with SIFCA, our Ivorian partner. The weather and management posed significant challenges. *Sucrivoire* sold 110,190 tonnes of sugar (comprising 87,574 tonnes of own production and 22,616 tonnes imported), compared to 109,777 tonnes in 2018. This year, production from our factories in Borotou and Zuenoula, which collectively supply half of the sugar produced in the country, amounted to 84,110 tonnes, down from 87,977 tonnes in 2018. The revenue for 2019 was up 0.7% compared to 2018.

OUR STRATEGIC OUTLOOK

Our 2022 Vision for the cluster aims to ensure our continued resilience and growth in the current challenging environment. Our primary focus is on managing those activities where we are currently invested, improving efficiencies and further optimising production, and developing a strong culture of engagement with our staff.

We have prioritised the following areas:

- Driving further efficiency and productivity gains across our operations and workforce, including through control and process automation, maintaining leaner structures at all levels, delivering enhanced productivity specifically in our bagging, workshop and laboratory areas, and improving procurement, stock management and transportation logistics;
- Maintaining a strong focus on embedding a change of culture across the operation and building staff morale;
- Ensuring continuous improvement in our manufacturing techniques through precision agriculture;
- Optimising the production of our specialty sugars, and continuing to collaborate with MSS to enhance the global marketing, pricing and volumes of Mauritian specialty sugars;
- Partnering with others to identify and deliver solutions to motivate and retain small-scale farmers;
- Further improving our water consumption and ensuring better utilisation of effluents for irrigation; and
- Investing in organic sugar production on 175 hectares of land.

On the back of these initiatives we are confident that we will become more competitive, hopefully also supported by Government policy changes that will assist the local sugar sector to be able to play in a more level playing field. The recently elected Government has shown encouraging and positive signs of wanting to address the issues and has established a specialised committee with Ministries

Terra was appointed as technical advisor to improve on competitiveness and efficiency and major steps have been taken, including staff spending time in Côte d'Ivoire on a regular basis to share expertise. Given the Côte d'Ivoire's encouraging GDP growth rate (7.5% in 2019), we still believe that the country offers valuable growth potential. Our short-term objective is to grow sugar production from current levels to around 120,000 tonnes by 2024, to meet internal demand. To do so, however, the operation will need to substantially increase productivity and drive further efficiencies, reducing production costs to international norms. We have earmarked a plan to do this and are actively exploring finance opportunities to drive the necessary improvements.

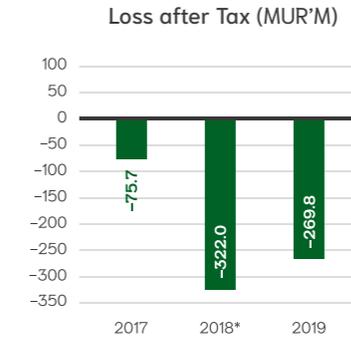
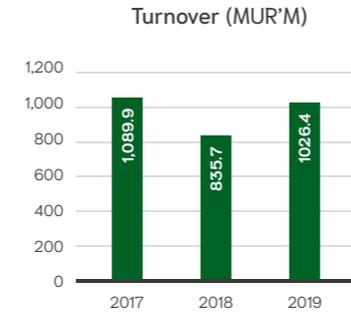
of Agriculture, Finance and Energy to specifically work on proper evaluation for *bagasse*. As an industry, we have also submitted a proposal on what needs to be done for structural reform, driven by the MSS and Business Mauritius.

Labour availability will remain a major challenge. Field work in our hot climate remains very challenging, particularly with the average age of staff now over 55. As we automate our own operations, we will require less people, but we still need a core team. Small planters, on the other hand, need significantly more people and the newly introduced Worker's Rights Act will compound the situation even further. We will continue to work with Government and partners on this issue.

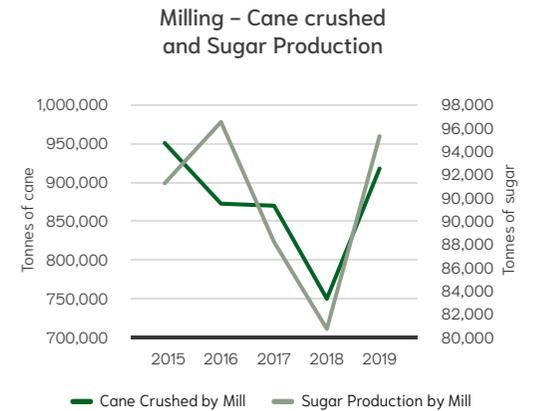
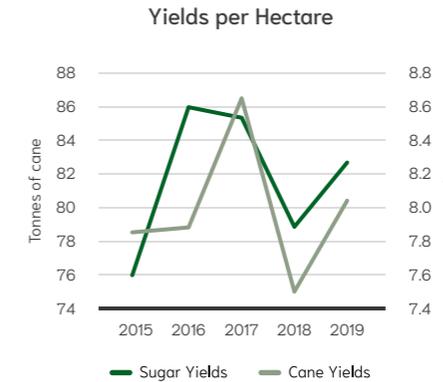
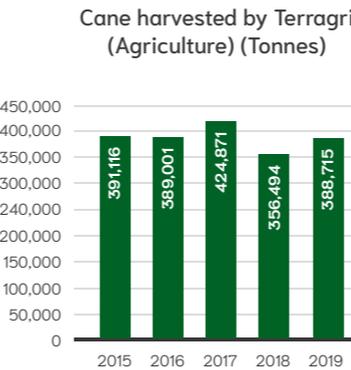
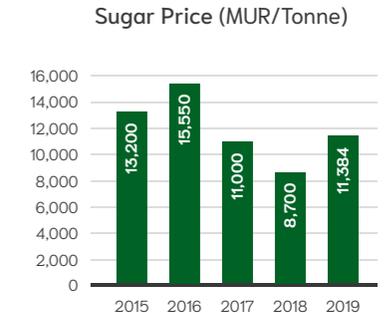
We will continue to be more directly involved in our Côte d'Ivoire's operations and take the steps needed to improve our competitiveness and efficiency. In addition to driving lean techniques across our existing operations, we will continue to explore opportunities for global diversification, harnessing our recognised technological and process skills in those regions that offer the right balance in terms of risk versus the potential return on investment. Our outlook for 2020 remains cautiously positive. Because of the impact of the Covid-19 crisis on access to supplier spare parts to complete the maintenance of the mill and the harvesting equipment, we have started the crop in mid July 2020 instead of end of June. Another risk of the pandemic is the drop in the export capacity of our specialty sugar to our customers. The confinement in the world, the backlog in the ports and the consequent non-availability of containers could slow down our export volumes in the medium term. This in turn could cause a shortage in warehousing space in Mauritius.

CANE (CONT'D)

PERFORMANCE GRAPHS



*: The loss after tax for 2018 has been restated.





POWER

Terragen is a power producer that supplies electricity to the Central Electricity Board (CEB), as well as electricity and steam to Terra’s sugar mill, through two 35 MW thermal power plants.

Operating in a joint venture partnership with French company Albioma, we generate electricity and steam by burning *bagasse* and cane straw during the crop season (from July to December), and imported coal, mainly from South Africa, during the intercrop season.

Our purpose is to supply reliable, and low cost electricity to the country, be available on CEB grid and consolidate our position as a major player in the production of renewable energies.

POWER BUSINESS MODEL

VALUE DRIVERS		CONTEXT AND OUTLOOK
Revenue Driver (Volume) Regular and reliable supply of electricity	Energy available on demand, responding quickly and efficiently to calls for production, and maintaining a reliable supply by avoiding breakdown incidents.	<ul style="list-style-type: none"> Supply to one major client, CEB, and also to Terra’s sugar mill. With the 20th anniversary of our Power Purchase Agreement with the CEB in June 2020, we have signed an agreement for the extension of our agreement for 5 more years. Terragen runs an efficient and reliable plant and produces power for the country at a very competitive rate.
Cost Driver (Price) Raw material cost	Optimising the efficiency of Terra’s sugar mill.	<ul style="list-style-type: none"> As our plant currently works close to its peak capacity, opportunity for additional revenue generation derives primarily through optimising the efficiency of Terra’s sugar mill, thereby reducing their share of energy usage and releasing further capacity for sale to the CEB network.
Cost Driver (Price) Material cost efficiencies	Increasing the renewable energy portion of electricity production to meet Government’s decarbonisation plan, while maintaining cost competitiveness.	<ul style="list-style-type: none"> We are continually looking for opportunities to substitute coal with <i>bagasse</i>, cane straw and other biomass sources, while recognising that the costs of production will be slightly higher. We remain fully aligned with Government’s roadmap to move towards a greener Mauritius and to reduce its carbon emissions, while maintaining our competitive rate and moving towards a higher rate of renewable energy generation, as outlined in our energy transition strategy.
	Efficiency gains and safe and clean production processes.	<ul style="list-style-type: none"> We remain the most efficient, reliable and cost-effective operator in Mauritius, with a strong focus on safety and health; continually identify opportunities to improve our environmental management, particularly water consumption and dust emissions.

MATERIAL RISKS

- Strike along the supply chain of coal causing disruption of coal supply.
- Severe sugar mill breakdown causing disruption of the supply chain of *bagasse* and cane straw.
- Severe cyclone (Class 3 and 4) disrupting operations or damaging plant.
- Severe machinery breakdown at Terragen stopping the operations.

CAPITAL	MATERIAL INPUTS (2019)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2019)
PEOPLE 	<p>Employees with the appropriate technical skills and motivation 47</p>	<ul style="list-style-type: none"> Reinforced our health and safety message with sub-contractors through communication and consultation. Introduced a 15-minute weekly safety session in the plant. 	<p>Fatalities 0</p> <p>Injury rate 10</p> <p>Lost day rate 0.14</p> <p>Training hours 24/person/Yr</p>
MANUFACTURED 	<ul style="list-style-type: none"> One generation plant of 450 GWh capacity. Two units of 35MW operating on three types of fuel: coal, bagasse, cane straw. 	<ul style="list-style-type: none"> Overhaul maintenance of the turbine 1. Replacement of the boiler grid unit 1. Replacement of the boiler air heater unit 1. 	<p>426.8 GWh produced, constituting around 15 % of the national energy mix.</p>
NATURAL 	<p>Coal 188,085 T (v2%)</p> <p>Sugar cane straw 9,639 T (v17%)</p> <p>Bagasse 311,544 T (v23%)</p> <p>Water 1,522,596 m³ (v7%)</p>	<ul style="list-style-type: none"> Made improvements to the effluent retention pond. Implemented better controls on water leakages and plant cleaning. Increased recycling of coal fly ash. 	<p>CO₂ (Coal) 436,637 T (v3%)</p> <p>Biogenic CO₂ (Bagasse) 263,525 T (v23%)</p> <p>Biogenic CO₂ (Cane straw) 14,104 T (v15%)</p> <p>Environmental emergency situations 0</p>
SOCIAL AND RELATIONSHIP 	<p>Our business model depends on maintaining quality relationships with key stakeholders including: CEB, Terra Milling, regulatory authorities, small-scale planters, suppliers and employees.</p>	<ul style="list-style-type: none"> Partnership with Terragri for the plantation of eucalyptus on marginal land. Collaborated in the development of a biomass framework submitted to Business Mauritius. Outlined an energy transition strategy. 	<p>Employee turnover rate 13% (2018: 10%)</p> <p>Payment in taxes MUR 23.4 M</p> <p>CSR Contribution MUR 4.5 M</p>
INTELLECTUAL 	<p>First Mauritian firm to be granted in 2014 an AFNOR certified integrated management system certificate based on ISO 9001, ISO 14001 and ILO OSH 2001.</p>	<ul style="list-style-type: none"> QSE recertification for 3 years. 	<p>Availability on CEB network 92%</p> <p>Reliability Only 4 Plant trips</p> <p>Specific coal consumption 603 g/kWh</p>
FINANCIAL 	<p>Terragen total equity (Jan 2019) MUR 1,468.7 M</p> <p>Total borrowings MUR 0.2 M</p> <p>Capital expenditure MUR 43.3 M</p>	<ul style="list-style-type: none"> Actively managed the financial performance through monthly management meetings and quarterly Board meetings. 	<p>Turnover MUR 1,294.7 M (v11%)</p> <p>Profit MUR 160.4 M (v24%)</p> <p>Terragen total equity (Dec 2019) MUR 1,440.8 M</p>

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION OUR RESPONSE

Dependency on a primary client – Being heavily dependent on a single client, it is critical to maintain a strong relationship based on mutually beneficial outcomes.

We continue to invest in maintaining our ability to provide a regular and reliable supply of energy. This has been another pleasing year, with exemplary availability levels and competitive pricing contributing to a sustained positive client relationship.

Potential regulatory changes – Changes in environmental regulation could require significant investment in new equipment and possible changes to current processes.

We engage regularly with authorities to keep abreast of potential regulatory changes and ensure that appropriate measures are taken. We are identifying opportunities to minimise our emissions and reduce the use of coal by increasing the use of cane straw and other biomass sources in the energy mix.

Unplanned disruption to generation or transmission activities – Unplanned outages, associated for example with a fire, mechanical breakdown, cyclone occurrence or disruption in the coal and biomass supply chain, could impact the ability to deliver energy.

We have a preventative maintenance programme and clear risk management processes and response measures in place. We have a safety bulk storage of coal onsite and have diversified to two coal suppliers. The power plant is designed to withstand cyclonic gusts of up to 260 km/h and we have a cyclone emergency plan in place.

OUR 2019 PERFORMANCE

This year we generated 426 GWh of electricity, at 92% availability, contributing to profitability of MUR 160.4 million, down from MUR 211.7 million in 2018. Terra's sugar mill benefited from the Medine plant closure and produced more bagasse from the excess cane, resulting in more electricity. We had one incident where the power plant had to be shut down for 1.5 days due to contaminated condensate return from sugar mill, with a slight reduction in availability from the year before.

Our Power Purchase Agreement with the CEB

We have signed an agreement to extend for five years, at revised conditions, our Power Purchase Agreement with the CEB, and we remain committed to meeting the Government's roadmap towards a greener Mauritius and to reduce its carbon emissions. The ability to do so is contingent on ensuring a competitive cost and price structure, and on maintaining the sustainability of the cane industry, including the effective participation of small planters. To improve on our contribution to renewable energy, significant investment will be needed. A major achievement in the year was producing an energy transition strategy that sets out our plan to increase our share of renewable energy. The Government has shown some initial positive signs to support the cane sector and remains committed to the development of cleaner and more sustainable energy sources.

Increasing our production of renewable energy

We have maintained a strong focus on delivering on our commitment to decarbonise our energy mix by shifting from coal to biomass, with continued emphasis on further increasing the use of cane straw. Improved weather conditions enabled us to increase the collection, compacting and transportation of cane straw by 20% and we continued to work collaboratively with Terragri's field teams. Following implementation of important maintenance work, the cane straw crusher was operational for the full crop season, resulting in more availability of this alternative raw material input. As a result, we generated 9.2 GWh using 9,639 tonnes of cane straw, up from 8,247 tonnes in 2018. With the improved crop season in the north we also increased the use of bagasse by 15%.

We have also been exploring the viability of growing and burning eucalyptus as an additional source of biomass and this year we defined a partnership with Terragri for the plantation of eucalyptus on marginal land. Our drive to increase the use of bagasse, cane straw and other biomass provides a valuable opportunity to enhance the 'greening' of energy generation in Mauritius, and to reduce the island's coal imports. In collaboration with industry stakeholders we assisted in the development of a biomass framework, submitted to Business Mauritius towards the end of the year, to support their engagement with the Government on promoting renewable energy production from local biomass sources.

OUR 2019 PERFORMANCE (CONT'D)

We made significant progress this year with our carbon burnout project, a joint venture between Terragen and Omnicane that is aimed at collecting ash, a by-product of coal combustion, and passing this through a re-burning process that will transform this into raw material for the production of cement. This year 57% of our coal fly ash (6,241 tonnes), up from 35% in 2018, was sent to the plant. Through this process, we can reduce the carbon content from around 20% to less than 5% and reuse the energy released to produce electricity.

Reinforcing the health and safety culture

During the year we secured a successful recertification audit for our integrated management system on Quality, Health and Safety, and Environment (QSE) for another three-year period. While our strong culture on safety has resulted in a high level of awareness and low injury rate over the years, we reinforced this culture through several measures. We increased safety awareness in preparation for our annual scheduled shut-down, whereby large-scale equipment maintenance poses safety risks to a significant number of workers. We supported

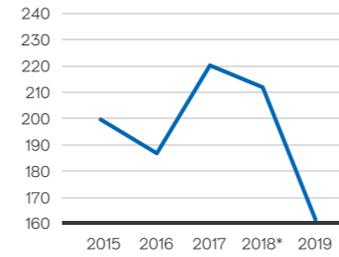
sub-contractors to further develop internal safety procedures and we put in place a 15-minute weekly safety session in the plant, conducted by our QSE Coordinator. Despite all these measures, we unfortunately had an accident in late 2019 – the first employee accident in three years. The employee was driving the telescopic handler when the machine overturned on the inclined side of the effluent pond. He was injured on the head and the arm and had 14 injury days leave; we are consequently taking steps to continue to drive improved safety performance, reinforcing our safety culture at all levels with an emphasis on external providers. We had another very good year in terms of environmental performance. Once again there were no material environmental incidents, and we achieved 100% compliance in terms of regulated atmospheric emissions. We reworked the effluent retention pond to prevent infiltration into the soil and we decreased our water consumption by 7% through better controls on water leakages and improved processes for cleaning the plant. We continue to pay particular attention to maintaining good communication with neighbouring residents regarding any potential environmental issues.

OUR STRATEGIC OUTLOOK

Our strategic focus is to maintain our high levels of availability, reliability and cost effectiveness. In line with this focus, we will maintain production levels of cane straw; any further increase will require investment in more collection equipment, which is not feasible until an appropriate contract with CEB is in place, offering long-term certainty. We will develop another source of biomass with the planting of 30 hectares of eucalyptus in 2020, which will be ready for harvesting in 2024. Planned initiatives in safety and health include: continuing to strengthen the safety culture in the company and enhancing reporting; reinforcing control measures for scaffolding; upgrading lightning and surge protection; and upgrading our systems for fire protection. Planned initiatives in environmental performance include continuing to increase the recycling of coal fly ash through efficient optimisation of fly ash uploading and reducing water consumption and chemical use.

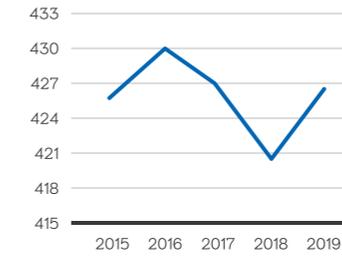
PERFORMANCE GRAPHS

Profit after Tax (MUR'M)

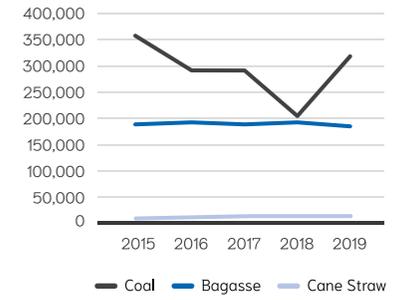


*: The profit after tax for 2018 has been restated.

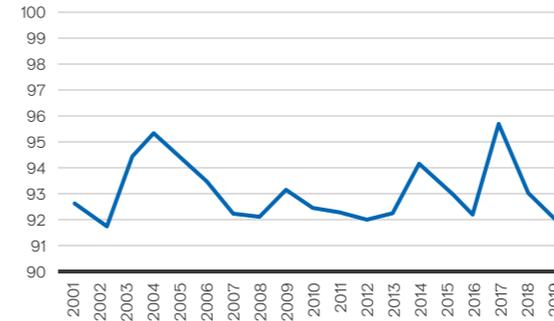
Energy Produced (GWh)



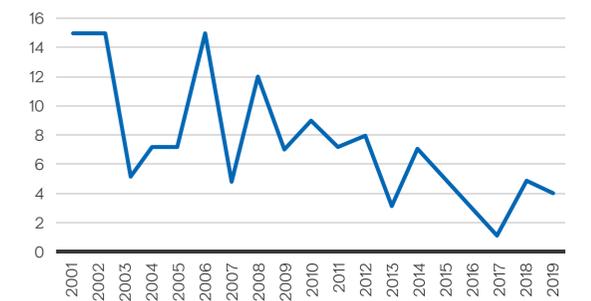
Fuel Consumption (Tonnes)



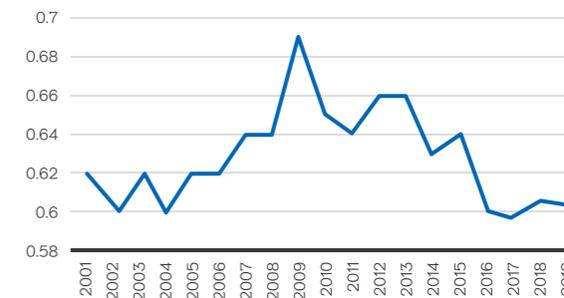
Availability (%)



Reliability (Number of plant trips)



Efficiency - Coal Ratio (kg/kWh)





BRANDS

Terra Brands Ltd, the holding company of the Grays cluster, is one of the pioneers in the Mauritian distillation sector, the leading Mauritian producer of premium alcoholic drinks derived from sugar cane, and a top importer and distributor of quality spirits and wines.

Established in 1931, we have diversified our activities to include the distribution and sale of personal and homecare products, pharmaceuticals, snacks and non-alcoholic beverages.

Our purpose is to be the most trusted and sustainable Brand Builder.

BRANDS BUSINESS MODEL

VALUE DRIVERS		CONTEXT AND OUTLOOK
Revenue Driver (Price)	Managing our own brands	<ul style="list-style-type: none"> Our value proposition focuses on our strong brands and our ability to drive efficiencies through a structured route to market.
Creating brand equity	Adding value to third party brands	<ul style="list-style-type: none"> Our core competencies lie in brand building, spirit production, distribution and premium retail. In addition to our well-recognised brand offering in dark spirits (aged, spiced and flavoured rums and Scotch whisky) and white spirits (cane spirit, white rum, vodka, gin and others), we offer global third-party brands in wine, whisky, personal and homecare, pharmaceuticals and food.
	Distribution services	<ul style="list-style-type: none"> We market our brands through all retailers and hotels, and premium wines and spirits through our own 20/Vin outlets, across Mauritius.
Cost Driver (Price)	Integrated and sustainable production	<ul style="list-style-type: none"> We bring synergy to the Group's sugar operations by transforming by-products of the sugar production process into value-added spirits; we invest in energy-saving equipment to optimise production. Distillation effluents are evaporated and turned into renewable bio fertiliser used on Terra's and third-party cane fields. As a vertically integrated company we manage all stages of production onsite, from refining to bottling and packaging, ensuring guaranteed quality for the finished product; we export our expertise through premium rums and bulk spirit to deliver further value from this vertical integration. Activity based costing enables us to derive more profits from our key brands rather than losing focus in being too diversified. We place particular emphasis on nurturing strong relationships with our employees, and on maintaining our position as a recognised employer of choice in the north of Mauritius.
Material cost efficiencies	Supply chain	<ul style="list-style-type: none"> Given the labour-intensive nature of our production and distribution activities, we are currently reviewing internal processes to become a leaner company. Expanding our portfolio with third party brands and management of an import supply chain provides Grays with scope, expertise and volume.

MATERIAL RISKS

- Decrease of purchasing power of consumers following Covid-19.
- Closure of borders leading to a drop in tourism.
- Flammable work environment may cause fire and explosion.
- Supply of molasses may affect production output.
- Changes in regulations related to alcohol and increases in excise duties.
- Mergers and acquisitions on the international markets.

BRANDS

(cont'd)

CAPITAL	MATERIAL INPUTS (2019)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2019)	
PEOPLE 	Employees 566 Outside Mauritius (included in above) 35	<ul style="list-style-type: none"> 9 different types of training organised to enhance the health and safety culture. Emergency Response Team established to improve fire safety culture. Employed new head of production. Executive and leadership development coaching programmes ongoing. 	Injury rate 42 light ones	
MANUFACTURED 	Distillery 1 Existing retail stores (20/Vin) 10 Warehouse space 8,500 m³	Bottling plant 1 Dedicated ageing cellars 1,600 m³	<ul style="list-style-type: none"> Energy saving equipment and new, more efficient boiler. Molasses storage tank. 	
NATURAL 	Molasses 24,094 T (✓3%) Water 75,191 m³ (✓11%)	Alcohol (100%) 729 m³ (✓11%)	<ul style="list-style-type: none"> 100% of distilling effluents transformed into renewable fertiliser. Converting burner in bottling plant to run on non-potable alcohol (a by-product of the distillation process). Extending the range of spirits bottles for recycling. 	Alcohol 6 M L Plastic waste recycled 5 T (✓44%) Glass bottles recovered and reused 4,000,804 units
SOCIAL AND RELATIONSHIP 	Our business model depends on quality relationships in particular with: employees, MRA, Government, brand owners, suppliers and customers.	<ul style="list-style-type: none"> Introduced physical and mental exercises to employees to mitigate stress and other psychosocial hazards. 	Employee turnover rate 21% <i>(2018: 24%)</i> Payment in taxes (Mauritius) MUR 918 M	Recognised as employer of choice. CSR Contribution MUR 2.3 M
INTELLECTUAL 	Own brands 24 Integrated management system underway (ISO 9001, ISO 14001 and ISO 45001).	<ul style="list-style-type: none"> Transitioned ERP to the cloud Further consolidated brand offerings, while actively seeking new opportunities to sustain growth in revenue. 	Progress in securing QSE certification; Fairtrade and Kosher capability.	
FINANCIAL 	Terra Brands total equity (Jan 2019) MUR 687.3 M Total borrowings MUR 656.0 M Capital expenditure MUR 44.2 M	<ul style="list-style-type: none"> Actively managed the financial performance through weekly executive meetings, monthly management meetings and quarterly Board meetings. 	Turnover MUR 2,288.5 M (✓5%) Profit MUR 135.7 M (✓76%) Terra Brands total equity (Dec 2019) MUR 726.1 M	

BRANDS (CONT'D)

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION OUR RESPONSE

Changing regulations and excise taxes – Increases in the already significant excise duty on alcoholic drinks reduce the affordability of products. Although there was no increase in excise duty this year, this remains a material issue. Stricter regulations on the consumption and advertising of alcohol can also impact demand.

To mitigate these risks, which affect the Mauritian market for alcoholic beverages, we have diversified our product offerings to include both luxurious and more affordable alcoholic beverages, as well as expanding into non-alcoholic wines, ciders and beers, foods and personal care products.

Increasing health consciousness and a greater online presence of consumers – The growing awareness of health-related issues among consumers, and an increasing shift to online shopping, presents both risks and opportunities for our business.

We continually monitor changing consumer tastes and behaviour and strive to refine our product portfolio accordingly. Through our diversification strategy we have identified new opportunities for revenue growth, including specifically in the healthy foods, non-alcoholic drinks and personal care products sectors.

Global mergers and acquisitions – Mergers and acquisitions among global brand owners can potentially impact the availability of our existing offerings.

We have complemented our offering with our own brands, having eight of our 20 best performing brands building long term equity. We have also benefited by obtaining distribution opportunities for new brands following recent mergers and acquisitions.

OUR 2019 PERFORMANCE

Performance was substantially better this year, with the revenue for the year ending at MUR 2,288.5 million, down 5.1% on MUR 2,410.9 million in 2018. Profit after tax was MUR 135.7 million, up on MUR 77.3 million in 2018. The profit growth reflects the benefits both of the substantial investments in the distillery in the prior year, resulting in a very good yield and smooth operation throughout the year, as well as improved margin and efficiencies at Grays Inc..

2020. This will complete the upscaling work of the distillery over the past three years. We are also ready to achieve Fairtrade and Kosher certification and await confirmed orders from customers to get the processes started. We are continuing to work on securing QSE certification of our distillery and brand activities. We managed to dispose 100% of our distilling effluents, which were converted into 25,000 tonnes of renewable fertiliser for use on Terragri (Agriculture) and third-party cane fields.

Production: Investment in the distillery delivers excellent results

The distilling operation performed significantly better this year, following the investments made in 2018 in a new boiler, molasses storage tank and energy-saving equipment. The new boiler ran smoothly, contributing to greater cost efficiency and reduced environmental impact, and enabled electricity savings of 14% with a return on investment as planned. A new production manager and administrative manager also joined the team. This year, our distillery produced 5.99 million litres of rum and spirit, stable year-on-year. Due to improvements in our fermentation processes, we achieved yields of 247 litres of alcohol per tonne of molasses, the highest ever achieved, up 3% on 2018. We also had very successful rum distillation from sugar cane juice, which started two years ago, and we see development of that in the future.

The Competition Commission has requested that our minority partner disinvests from the distillery and we are contemplating acquiring 100% of Grays Distilling.

Brands: Similar sales with growth in key areas and small fall back in others

Despite the continuing tough trading environment, we had another year of positive sales performance in our own and managed brands across the year. Due to a restructuring of the business, whereby we no longer channel exports of Grays Distilling, sales turnover decreased; in 2019 these sales were handled directly by the distilling business. Spirit sales grew, boosted in particular by increased sales of our George Cambridge and Findlaters whisky brands. There was also good growth in wine sales (5.5%) and despite serious supply problems in our snacking business, we still managed to grow the business by 2%. We saw a small fall back in cosmetics due to fewer Chinese tourists, impacting the sales of our L'Occitane product range. This remains a small but growing part of our business.

The shortage of molasses in Mauritius continues to constrain the distillery from producing at full capacity. Following a feasibility assessment in 2019, we have decided to invest in a new fermentation plant, which should be operational as from September

BRANDS

(cont'd)

OUR 2019 PERFORMANCE (CONT'D)

We faced several teething problems in the first couple of months of the ERP transition to a cloud-based solution, but these have been rectified and we are now seeing the benefits of this more versatile way of working. In terms of reducing our environmental impact, our commitment to recycling more spirit bottles led to increase the range of consigned bottles, thus inducing a 2.5% decrease in our turnover; we also invested in our burner enabling it to run on non-potable alcohol (a by-product of the distillation process), moving away from heavy fuel oil towards renewable fuel. We address the full lifecycle of the spirit bottle and recycle all plastic crates, cardboard boxes and aluminium caps.

On the last two days of 2019, cyclone Calvinia caused major disturbance in deliveries at the utmost peak season.

Distribution: Consolidating relationships and revisiting coffee

An important foundation for our strong performance is our ability to manage our value chain and engage directly with the end consumer through our distribution activities. Our 20/Vin network of stores has supported this strategy in the wines and spirits market. This year we opened one new flagship 20/Vin stores in Beau Vallon and relocated and renovated the ones in Bagatelle, and La Croisette, all performing well; we now operate ten stores across the country. This year we were appointed to become the distributors of L'OR and Jacobs coffee ranges, returning to a business that we were involved in a long time ago.

International operations: Good performance and prospects in Seychelles

Our subsidiaries in the Seychelles performed well this year, showing a marked improvement from 2018. We believe that there is valuable growth potential in the retail business and luxury hospitality sector there and see good prospects for 2020, except for the impact of Covid-19.

OUR STRATEGIC OUTLOOK

After a head start in 2020 we are faced with a thorough 'reality check'. It is essential that we consolidate our foundations and get back to basics, by focusing on our core activities and the essence of our business.

Having moved to a cloud-based Enterprise Resource Planning (ERP) in early 2019, our processes are fully digitalised which proved to be essential during the lockdown. All operations that do not need physical human intervention can be done remotely. We are further digitalising our services. Strategies tweaked during lockdown are paying off, with growth of our cane spirit brands (Seven Seas and De Luxe) which should compensate partially for lost revenues in wine and cosmetics, hampered by closed borders and associated economic contraction. Margin erosion due to the sharp and swift decline of the rupee will need close monitoring. We are putting emphasis on 'made in Mauritius' and the importance of local value add. We will continue devoting energies to build efficiencies at all levels of the business.

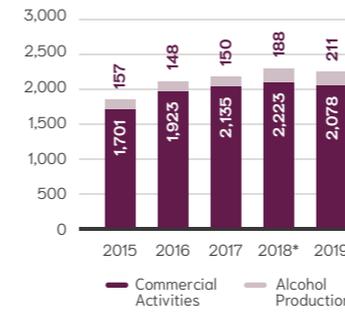
The challenge in 2020 will be to achieve breakeven in the Brands sector, while the distillery should have a normal year. Our outlook for 2020 remains very cautious given the impact of Covid-19 and closed borders, resulting in reduced local consumption. In addition, we anticipate that ripple effects on supply chain will result in lost sales.

The crux in 2020 will be to stay agile, as the 'new normal' is evolving daily and will continue for the foreseeable future, before establishing new consumption patterns and lifestyle, sprouting opportunities. We will maintain our high employee engagement and good human resources by keeping our personnel motivated and unlocking and growing talent. We will continue to identify more opportunities to optimise manpower structures and processes in order to further improve cost efficiencies, including the launch of work improvement teams.

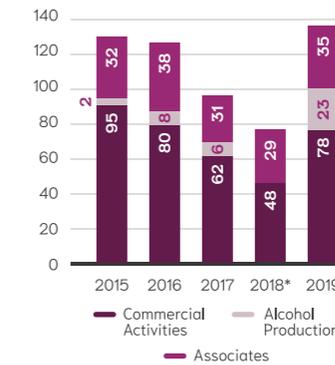
BRANDS (CONT'D)

PERFORMANCE GRAPHS

Turnover (MUR'M)

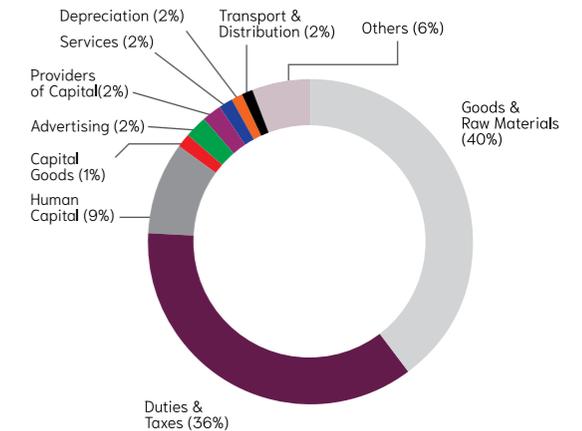


Profit after Tax (MUR'M)

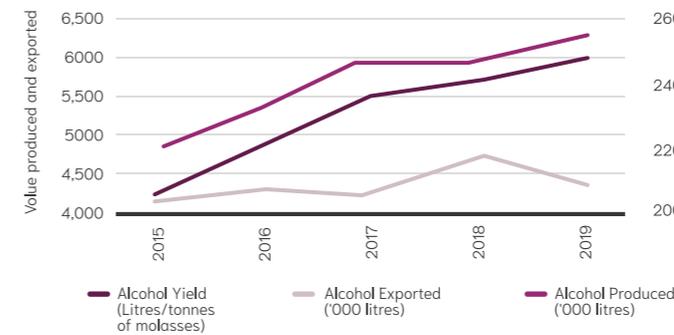


*: The 2018 figures have been restated.

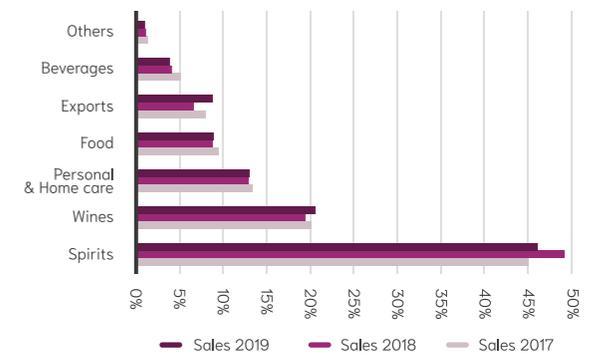
Use of funds by Category



Distilling – Alcohol yield, Production and Export



Sales by Brand





PROPERTY AND LEISURE

Established in January 2016, our Property and Leisure business (Novaterra) focuses on utilising Terra’s land assets to establish an innovative property–development cluster in the north of Mauritius.

The cornerstone of this development will be the Beau Plan Smart City and the Balaclava Golf and Lifestyle Estate, both of which aim to positively transform the region.

Our Purpose is to create and unlock the value of the Group's land holdings for all stakeholders.

DELIVERING BROADER SOCIETAL VALUE

The Beau Plan Smart City development is anticipated to create at least 8,400 new and direct jobs in the Smart City itself, with an additional 500 construction jobs during the construction phase, and another 5,000 indirect jobs for the suppliers of associated goods and services. We will be providing training to develop the skills of people in the region, including small business management, organic farming and ICT. In addition to boosting job creation opportunities, our development will have a positive impact on the value of Terra’s existing land, as well as on the property of our neighbours, contributing positively to the general enhancement of the region.

PROPERTY AND LEISURE BUSINESS MODEL

VALUE DRIVERS		CONTEXT & OUTLOOK
Revenue Driver (Rental and sale)	Property development cluster	<ul style="list-style-type: none"> Targeted sale of 'non-strategic' land generates cash flow for investment. Development of a mix of real estate projects over a first five-year cycle sets the base to grow the portfolio of yielding assets.
	<p>Long-term value from the Group’s existing land ownership in the north of Mauritius</p> <hr/> <p>Beau Plan Smart City project, a mixed activities development covering 228 hectares in the Pamplemousses region, one of the most densely populated districts in the north</p>	
Cost Driver (Managing assets)	Property management	<ul style="list-style-type: none"> Two priority zones for development include the Beau Plan Smart City development (already started) and the neighbouring Balaclava Golf and Lifestyle Estate (development rights granted), enhancing the value of the broader property portfolio. A key differentiator to other business destinations in the north of Mauritius is that we are offering a mixed activities development within an exceptional urban design framework. Substantial investment is made in the infrastructure of the area, including new roads in view of improving accessibility to our projects and enhancing access to public transport services. The Beau Plan Smart City will be inclusive of the adjoining villages of Pamplemousses and Bois Rouge, sites already recognised as a rural regeneration zone in the Government’s National Development Strategy. The Smart City will be an important economic hub, providing an appealing commercial, residential, education and leisure environment; the shopping centre, amongst others, will be a key employer to the surrounding villages.
	<p>Tenant relationships</p> <hr/> <p>Integrated and sustainable development</p>	
		<ul style="list-style-type: none"> We have much improved the performance of our existing rental assets, and currently own 280 properties rented out. Our costs are well under control to manage these assets. A key challenge is to ensure minimum vacancy period once a tenant has left. Our tenant relationships will be key to our success and we are committed to customer satisfaction. <hr/> <ul style="list-style-type: none"> Integrating green design principles by working with professional with sustainability expertise and investing substantially in the stormwater drainage to mitigate potential effects of flash floods. The Smart City will integrate multiple digital connectivity solutions, encouraging the uptake of renewable energy sources and facilitating a healthier lifestyle through the provision of quality recreational spaces and non-motorised transport infrastructure.

MATERIAL RISKS

- Decrease of purchasing power of consumers following Covid-19.
- Closure of borders leading to a drop in tourism and in foreign direct investment.
- Changes in government policy that could impact our business model or strategies.
- Delays in project completion due to external uncontrolled factors.
- Oversupply of properties on the market leading to low occupancy rate, resulting in loss of revenue.
- Critical external service providers delaying project delivery which would impact on customer needs.
- Changing strategic direction of partners/co-investors resulting in misalignment between stakeholders impacting on financial performance and reputation.

PROPERTY AND LEISURE

(cont'd)

CAPITAL	MATERIAL INPUTS (2019)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2019)
PEOPLE 	Employees 80 at Novaterra 66 at L'Aventure du Sucre	<ul style="list-style-type: none"> Executive and leadership development coaching programmes ongoing. Enhanced communications with employees regarding non-authorised zones that represent a risk to health and safety. L'Aventure du Sucre was the first in the Group to complete the fire certificate application process under the new regulations of 2018. Introduced physical and mental exercises to employees to mitigate stress and other psychosocial hazards. 	Injury rate 11 Fire Certificate approval in January 2019 (L'Aventure du Sucre).
MANUFACTURED 	Available space for rent: Industrial & commercial 32,212 m ² Office 8,520 m ² Residential 27,233 m ²	<ul style="list-style-type: none"> Mitigation measures to deal with poor soil conditions. Substantial drainage works to mitigate the impact of flash floods. 	Occupancy rate 92.4% (v5%)
NATURAL 	Land approved for development 573 Ha	<ul style="list-style-type: none"> Waste segregation. Optimising energy use. Sewerage treatment plant under construction within smart city. Greencoast International School designed with no air-conditioning. 	
SOCIAL AND RELATIONSHIP 	Our business model depends on maintaining quality relationships with key stakeholders including: Government, tenants, project developers, financiers, neighbouring communities and the media.	<ul style="list-style-type: none"> Launched a Culture and Engagement Journey for employees. Dedicated teams for effective relationship management with relevant stakeholders. 	Employee turnover rate 14% (2018: 8%) Payment in taxes MUR 0.5 M Visitors to L'Aventure du Sucre 102,026 People
INTELLECTUAL 	Project timelines include adequate buffer time for obtaining permits.	<ul style="list-style-type: none"> Land Management Department works full time on negotiations and obtaining permits. Audits of L'Aventure du Sucre from external tour operators. 	<ul style="list-style-type: none"> Some permits for conversion of land are delayed. Following audits, L'Aventure du Sucre set up a steering committee to meet international health and safety requirements, including food safety.
FINANCIAL 	Property and Leisure total equity (Jan 2019) MUR 5,547.4 M Total borrowings MUR 0.9 M Capital expenditure MUR 310.2 M	<ul style="list-style-type: none"> Actively managed the financial performance through weekly executive meetings, monthly management meetings and quarterly Board meetings. 	Turnover MUR 214 M (v25%) Profit (including profits on land sales) MUR 268.7 M (v14%) Property and Leisure total equity (Dec 2019) MUR 4,844.1 M

PROPERTY AND LEISURE (CONT'D)

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION OUR RESPONSE

Regulatory and policy framework – Changes in Government policy and regulation relating to property development, as well as any delays in obtaining approvals and other Government permits, could impact on the nature, cost and timing of proposed developments.

We keep a very close watch on current and proposed regulatory and policy developments, and we place a high priority on building and maintaining strong relations with Government and regulatory authorities. We have developed diversified service offerings to minimise any negative impact resulting from changes in Government strategy. We have efficient land management tools in place enabling us to adapt quickly to the continuously changing legislative environment. In 2019 we noted a slowdown in Government decisions regarding permits, likely due to the general election. Our Land Management Department works full time on negotiations and obtaining permits, which remain key to our development.

The changing competitive and business environment – A potential oversupply of properties on the market, and other changing market dynamics, could result in low occupancy rates, a loss of revenue and reduced return on investment.

We are ensuring the timely implementation of a mix of facilities, to provide a compelling proposition for entrepreneurs to develop or relocate their business. We have established a strong marketing and communications team and we have already secured the commitment of some key anchor tenants in the retail and boutique leisure sectors.

Non-delivery by service providers – The failure of any service provider to complete their commitments on time and in budget reduces our ability to deliver the full potential of our developments in a timely and cost-efficient manner.

Our experienced team conducts rigorous screening prior to contracting third party service providers, with provision for appropriate contractual remedies should the service provider underperform. We undertake regular quality controls during the construction phase to track delivery against the approved programme of works, and we ensure service providers are properly insured.

OUR 2019 PERFORMANCE

This has been a pleasing third full year in operation with the launch of the Beau Plan Smart City in May 2019, an important milestone for us. We met our budget for the year, delivering profit after tax of MUR 268.7 million (up from MUR 236.1 million in 2018). Within the Smart City we started to develop several projects along with pre-planned communications and met most of our milestones on project delivery and sales for this first phase of development. We also made valuable progress in obtaining approval for the Balaclava Golf and Lifestyle Estate and additional land conversions for priority areas.

the anchor tenant is a supermarket (Intermart). We were also successful in attracting other well-known tenants and brands such as the Mauritius Commercial Bank and Kentucky Fried Chicken, amongst others. We are in discussion with other brands and are confident we will secure additional “pullers”.

Launch of the Beau Plan Smart City

A significant milestone within the Smart City development this year was the development of our planned retail centre, Mahogany shopping promenade. Construction started mid-year and was at first affected by poor soil conditions; following consultation with experts and the implementation of mitigation measures, we managed to contain the issue. We have secured 80% of the leasing, attracting a good mix of reputable tenants, among which

We also started developing substantial infrastructure in Beau Plan to unlock several plots for development. We launched the sales of ‘Les Muguets’ residential serviced plots and Mango village duplex and apartments, our first built up residential project. Both launches were very successful. Marketing of ‘The Strand’ a new office park to be developed in the heart of the Smart City, has started in September and is well received by the market. We opened the Greencoast International School and the Mon Rocher Equestrian centre, concluding a few stages in our initial strategy, which was to develop a mixed number of activities in Beau Plan to bring more attractiveness to the region.

PROPERTY AND LEISURE

(cont'd)

OUR 2019 PERFORMANCE (CONT'D)

The destination now offers educational, leisure, office, cultural, residential and soon to be shopping opportunities. Alongside, we are also investing substantially in the infrastructure to make Beau Plan more accessible to the public. The Mahogany shopping centre will be a key employer to the surrounding villages, helping us to fully integrate them in the development of the region. The success of a quick sale of our residential plots and duplex and apartments has given us confidence and reaffirms the great place that Beau Plan will become, as a world-class urban development in the north. Another major milestone in the year was getting approval from the Economic Development Board for the inclusion of the Balaclava Golf and Lifestyle Estate as an annex to the Beau Plan Smart City. Tenant satisfaction is on top of our priority list. As such, we maintain close relationship and engage with them to understand their needs and treat their requests within the minimum delay. We remain committed to the best level of service, as we feel that our clients are our best ambassadors. This will be particularly relevant when we open our shopping mall.

OUR STRATEGIC OUTLOOK

The key components of the Beau Plan Smart City development have been put in place, including the foundational infrastructure, and our main focus for the year ahead will be to build on this momentum. Our 12,500 square metre retail centre in the heart of the Smart City was meant to open in November 2020. We also planned to start the construction of a new office building, bringing additional vibrancy to Beau Plan. In the light of the Covid-19 crisis, the opening of the Mahogany Shopping Promenade is now scheduled for March 2021 and the start of works for The Strand is being re-assessed.

We will start the construction of the first phase of Mango Village (26 units), the second phase of Greencoast International School and will implement the infrastructure for Les Muguets. We plan to be ready by December with the development plans for our sports centre to be implemented at Mon Rocher as from 2021, next to the equestrian centre. The activities within the Creative Park and comprising the Patrick Mavros atelier, the dance school and the African trader, will be further expanded.

Our biggest challenge will be the development of the Business City, an important precinct of our Smart City. Our aim is to attract local and international entrepreneurs to develop or relocate their businesses in Beau Plan. We are confident that the urban design framework of the city set in an exceptional landscape and controlled environment, will attract investors in search of long-term value gain.

In driving our developments, we have placed a strong emphasis on rationalising costs and improving efficiency at all levels across our activities. We are also working with the National Development Unit on land-drainage to support the Government's master plan on solving flooding problems in the north of the island. Beau Plan surroundings is regarded to be a flood prone area and flash floods could significantly impact the development. We started substantial drainage works in 2019 to mitigate potential flooding.

One of Terra's subsidiaries within the Property and Leisure cluster is Sugarworld Ltd. Operating under the brand name *L'Aventure du Sucre*, it runs a museum showcasing the history of sugar operations in Mauritius. In 2019 they posted a turnover of MUR 99.3 million, at par with 2018.

We will maintain a strong focus on managing the development costs of our projects, targeting efficiency at all different stages, from inception to operation. We will also be integrating environmental considerations to reduce our footprint, including a large sewerage treatment plant whereby greywater will be used in nearby fields for irrigation purposes. We will also look to developing solar energy within the prescribed schemes for Smart Cities.

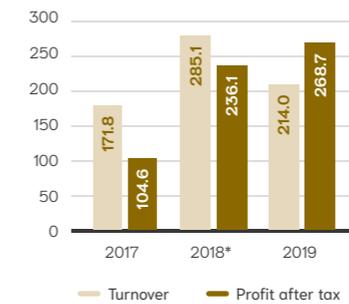
Over the mid-term (2023) we plan to develop the 200-hectare golf and lifestyle estate on the neighbouring 'Balaclava' coast for which development rights have already been obtained. The proposed 18-hole golf course and villas with beach access will fully complement our Smart City offering at Beau Plan.

We have been caught off balanced by the unprecedented Covid-19 pandemic. Our lives have changed drastically, the way we work has changed, some of our plans will change, but our vision remains, more than ever, the same for Beau Plan. It is clear that we will be impacted by the downturn in the economy and that we will need to monitor very closely how the market responds. Although at the time of publishing the confinement is over, and local economic activities have resumed, our total recovery will be highly dependent on the re-opening of our borders. *L'Aventure du Sucre* is principally a tourist attraction and the northern region is highly sought out by non-citizens for investment in real estate. Our team is fully mobilised and is telecommuting, with a special focus on this recovery period, to minimise the impact of the shutdown on the calendar of our different projects.

PROPERTY AND LEISURE (CONT'D)

PERFORMANCE GRAPHS

Turnover and Profit after Tax (MUR'M)



*: The 2018 figures have been restated.

BEAU PLAN SMART CITY MASTER PLAN



INVESTMENTS

FINANCE

	Revenue (MUR'M)	Profit/Loss (MUR'M)	% Effective holding
SWAN GENERAL LTD SWAN General Ltd is the leading insurance general and life assurance company and financial solutions provider in Mauritius. It provides a range of insurance and financial solutions, from short-term and long-term insurance and retirement plans, to wealth management and stockbroking for corporate clients and individual customers.	6,419.6	672.2	34.03
TERRA FINANCE LTD Terra Finance Ltd offers advice and assistance to Terra's subsidiaries on cash management, and on the negotiation of short and long-term funding. The company is authorised to invest liquidities among various subsidiaries, and to manage their foreign currencies and exposure to currency and interest rate risks by using hedging tools.	97.6	0.1	100
INSIDE CAPITAL PARTNERS LTD Inside Capital Partners Ltd is an independent private equity manager seeking to invest through equity in strong potential opportunities in selected Southeast African countries. It is a limited company domiciled in Mauritius and also has an office in Lusaka, Zambia.	37.5	9.9	36.75
PAYMENT EXPRESS LTD Payment Express Ltd is growing into a key payment processor for the African market. The company is certified by both VISA and MasterCard, and offers a full suite of payment processing solutions to banks, retailers and other clients.	130.9	7.9	27.83
CONSTRUCTION			
TERRAROCK LTD Terrarock Ltd, incorporated in 1990 further to Terra's policy of field de-rocking, is involved in the manufacturing and sale of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd, the strategic partner of Terrarock.	209.7	30.4	45.00
REHM GRINAKER CONSTRUCTION CO. LTD REHM Grinaker is a construction company set up in partnership with Aveng Grinaker-LTA, one of the largest construction companies in South Africa. REHM Grinaker is among the leading construction companies in Mauritius, involved in industrial, commercial, high-end hospitality and leisure projects, as well as in civil and infrastructure works. The company has gained recognition for quality-on-time on a wide range of projects in building and civil engineering, conventional contracts and design-build.	1,249.4	12.3	35.49

INVESTMENTS (CONT'D)

OTHER INVESTMENTS

	Revenue (MUR'M)	Profit/Loss (MUR'M)	% Effective holding
HORUS LTÉE Horus Ltée has an 18% stake in United Docks Ltd, a company listed on the Stock Exchange of Mauritius and holding property in the Port Louis harbour zone.	-	(0.1)	50.00
TERRAVEST LTD Terravest Ltd is active in development in East Africa, selling plastic equipment such as water tanks, mobile toilets, bio-digesters, septic tanks, HDPE pipe, gutters and other related plastic products using different technologies including Roto, Blow and Injection moulding.	478.4	32.9	26.67
COMMADA LTD Commada Ltd is a management company that, in March 2010, acquired an effective stake of 5% in Orange Madagascar whose controlling shareholder is France Telecom. This acquisition was made in partnership with a local private equity fund with a total stake of 10%.	-	(2.9)	50.00
TOPTERRA LTD Topterra Ltd is a 50:50 joint venture with Island Renewable Fertilisers Ltd, a company that produces a liquid fertiliser known as Concentrated Molasses Stillage (CMS) from vinasse, itself a residue from distillation.	17.3	(4.5)	33.33
ALCOHOL & MOLASSES EXPORT LTD Alcohol & Molasses Export Ltd (AMCO) specialises in procurement and logistics for the sugar industry. In addition to the traditional storage and distribution of molasses, AMCO also manages the Coal Terminal (Management) Co Ltd, whose responsibilities include the procurement, transport, storage and distribution of coal for the power plants of the sugar industry and the needs of the country. As from the beginning of 2018, AMCO is also driving an aggressive procurement strategy to support its shareholders in their quest to lower the cost of inputs in sugar production.	53.9	12.4	41.87

GROUP-LEVEL functions

Although each of Terra's clusters is completely autonomous in its decision-making processes, budgeting and reporting – with each leadership team individually accountable for its cluster's respective performance – strategic guidance and support services are provided at a Group level in relation to Terra's management of environmental performance, employees, and the community. This section briefly reviews the material performance and outlook of these Group-level activities.

INVESTING IN OUR PEOPLE

Having the right technical and leadership skills, diversity of experience, and a strong performance-oriented culture, is fundamental to Terra's ability to generate value. Terra's Corporate Human Resources (HR) Department, supported by the HR teams at Grays and Terragri, provides the Group's strategic guidance on HR issues, as well as various shared and value-added services, such as customised training and development programmes, HR efficiency matrices, and remuneration and benefit policies. Although training is managed by conducting a training needs analysis in each cluster and then formulating an annual training plan, we achieve economies of scale by running some Group learning programmes for all clusters with similar requirements.

FOSTERING A PERFORMANCE-BASED CULTURE

During 2019 we further embedded the importance of appropriate key performance indicators (KPIs) for each team and for each role within that team, to ensure that the HR strategy is aligned with business objectives. After agreeing key result areas and KPIs at the executive level the previous year, we began discussions with other senior managers in 2019 with the aim of deepening the performance-driven culture. In 2020, we plan to progress towards more continuous performance management processes rather than one-off assessments. We will also be participating in a remuneration survey, as we do every two years, for both executives and staff. Our objective is to use the survey results to monitor and strengthen our remuneration policies and ensure they respect market ranges.

LEARNING AND DEVELOPMENT

Investing in the learning and development of our employees remains a key strategic focus. This year, we continued our efforts to build a strong leadership bench by providing executive and leadership development coaching programmes. We continued our collaboration with the African Leadership College (ALC) on co-creating a Leadership Programme that focuses on 'intrapreneurship' and innovation. This will be launched in 2020. As part of our continued focus on becoming more efficient, we initiated certain 'lean management' principles in collaboration with the National Productivity and Competitiveness Council (NPCC) for our agriculture cluster. We have launched a productivity improvement programme, which is already starting to reap benefits. We are looking forward to pursuing the next steps in the KAIZEN process and disseminating it to our other clusters. We also launched a Culture and Engagement Journey in our property and agriculture clusters, co-creating the working culture with identified Change Ambassadors. During the engagement we identified certain values that each cluster wanted to embed into their operations. For Novaterra, as a new and fast-growing cluster, this meant a culture of being a learning organisation and focusing on results. For Terragri (Agriculture) this meant changing from an old traditional approach to agriculture to becoming a modern organisation. We will also roll out a new training identification and evaluation model in 2020.

GROUP LEVEL FUNCTIONS (CONT'D)

HEALTH AND SAFETY

The Group has a continual improvement approach to providing a healthy and safe working environment for all its employees, sub-contractors and visitors. In 2019, the clusters focused their efforts on achieving an optimal safe working environment for their employees.

Cane

Following the recent restructuring of staff at Terra Milling, management recognised the need to train the new leaders on health and safety. Training on the ISO 45001: 2018 (Health and Safety) standard was delivered to them to enhance the occupational health and safety performance at Terra Milling, with the plan to achieve certification in 2020. Working at height was one of the major hazards identified at the factory, and management team placed an emphasis on mitigating the risks through investments in new equipment, including a boom lift and a forklift. Measures for safe working at height during difficult weather conditions were taken through investment in new equipment. Within the agricultural sector, fire in fields has been a major risk in 2019. Training was reinforced to provide a group of employees with the appropriate skills and attitude for efficient and safe firefighting. Following the training, brainstorming sessions were carried out to implement a safe system for field firefighting.

Power

Terragen secured a successful recertification audit for its integrated management system on Quality, Environment, Health and Safety based on ISO 9001:2015, ISO 14001:2015 and ILO OSH 2001 standards respectively, for another three-year period. More emphasis was placed around major risks such as fire and lone working in 2019. We also reinforced our health and safety message with sub-contractors working at the premises through communication and consultation. Terragen will continue active engagement with employees and sub-contractors through sensitisation and training to ensure near-miss events are reported to prevent accidents.

Brands

At Grays Inc. and Grays Distilling Ltd, we continued to reinforce the risk prevention strategy through employee awareness initiatives. Training and awareness sessions were organised to enhance the health and safety culture including first aid, fire safety, manual handling, ergonomic, road safety and stress management. The fire safety culture was improved through further training of the Emergency Response Team. Root cause analysis of accidents and timely follow up enabled the management team to put in place preventive measures.

Property and Leisure

With the onset of construction of the Beau Plan Smart City, Novaterra enhanced communication with employees to ensure their safety in non-authorized zones and in re-routing access. The renovation of the roof at "La Villebague" house required close supervision and training to ensure that work was carried out within safe conditions. Following audits from external tour operators, L'Aventure du Sucre set up a steering committee to ensure compliance with international health and safety requirements, including food safety.

At Group level, this year we introduced 'sophrology' a relaxation technique comprising easy-to-do physical and mental exercises to mitigate stress and other psychosocial hazards. This innovative initiative was introduced during the health and safety week in May 2019, where employees experienced how the art of breathing can help relieve stress in the workplace.

	CANE			POWER			BRANDS			PROPERTY AND LEISURE		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Fatalities	0	0	1	0	0	0	0	0	0	0	0	0
Number of injuries with lost day > 24h	87	72	77	1	0	1	33	32	29	4	3	2
Injury rate	53.0	37.2	29.0	9.9	0.0	9.6	42.4	21.0	21.1	11.0	9.1	6.0
Lost day rate	0.36	0.31	0.29	0.14	0.00	0.38	0.04	0.13	0.16	0.09	0.03	0.02

Further details on our safety and health performance are provided in our online Sustainability Report.

PROTECTING LABOUR RIGHTS

Terra continues to ensure that all our employees are adequately remunerated and provided with a respectful working environment free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. We recognise the right of every employee to freedom of association. In the Cane cluster, 96% of workers are unionised across six different unions; sector workers are also regulated by sugar industry remuneration orders that set the minimum wages and conditions of employment for various categories of workers.

GROUP-LEVEL

functions (cont'd)

INVESTING IN OUR PEOPLE (CONT'D)

PROTECTING LABOUR RIGHTS (CONT'D)

The collective bargaining process, which started in 2018, is ongoing for both our staff and labour force, and we hope that a satisfactory outcome will be reached in 2020. In October 2019, new employment legislation was introduced in Mauritius and we are in the process of achieving full compliance in all our clusters. This legislation resulted in an unexpected increase in staff and labour costs, having a financial impact across operations. We are keen to explore opportunities to use imported labour for activities where we struggle to find suitably skilled workers and are waiting for a framework from the Government to provide guidance.

OUTLOOK

In 2020, our focus continues to be on the following priority areas:

- In the Cane cluster, we will maintain a strong emphasis on controlling labour costs and maximising productivity. Collective bargaining agreement negotiations are still ongoing with the various unions.
- In our Brands cluster, we will continue to identify more opportunities to optimise manpower structures and processes in order to further improve cost efficiencies. We will launch work Improvement Teams to further enhance work processes.
- We will enhance our performance management processes by introducing new practices, including the use of objectives and key results (OKR), which will be piloted initially within the Cane and Property clusters.

INTEGRATING SUSTAINABILITY THROUGHOUT THE BUSINESS

To enhance the performance of each of our entities, we set up a structured sustainability platform in December 2018 and developed a five-year sustainability framework in 2019. Through this platform and framework, we will be sharing best industry practices with the aim of further improving the economic, environmental and social performance of our operations, as well as identifying practical opportunities across our broader value chain. This requires us to critically look at all aspects of our operations across the business units and to engage with our stakeholders on sustainability issues.

SEMSI LISTING

Since 2015, Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI). Following Terra's excellent performance in a review exercise undertaken in August 2019 by the SEMSI Supervisory Committee, the Company remained on the Index.

Our 2019-2023 sustainability framework has three focus areas and 16 commitments, as listed below:

Creating value for the business and stakeholders

- Increasing operational efficiency and enhancing productivity.
- Continuously improving our operations.
- Developing new business opportunities.
- Promoting innovation.

Supporting and creating positive change and opportunities for people

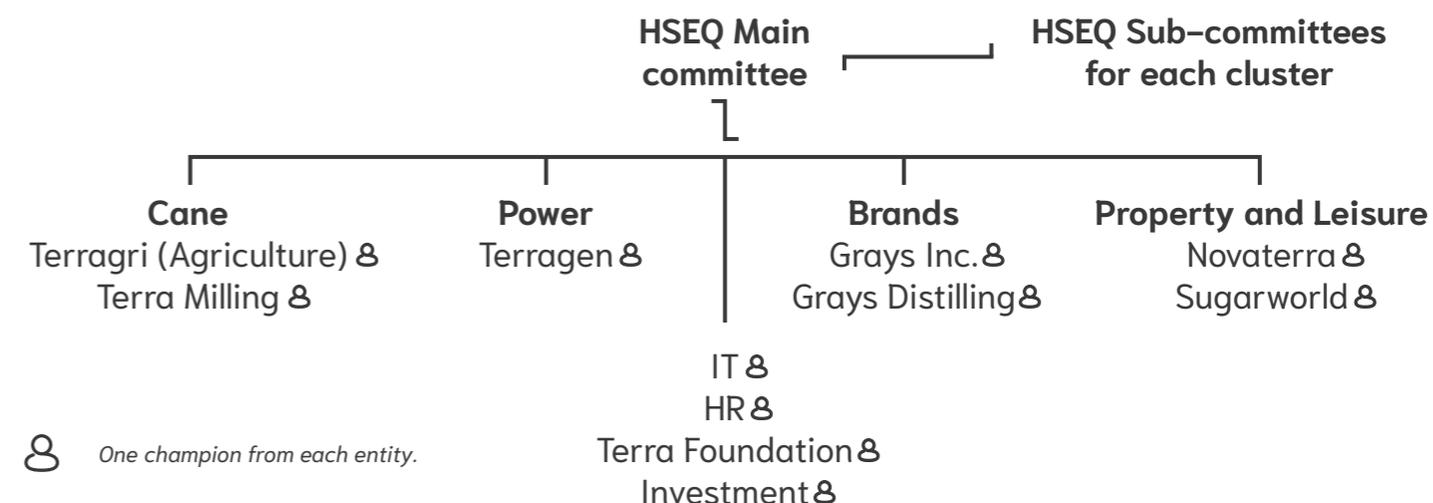
- Nurturing and developing our people to help them achieve their potential.
- Providing a safe and healthy work environment for our employees.
- Promoting inclusive business.
- Addressing the social challenges of our businesses.

Caring for our planet

- Reducing water use in our processes.
- Managing energy use to reduce the emission of greenhouse gases
- Improving our carbon footprint.
- Reducing waste throughout operations and promoting efficient disposal of waste.
- Minimising the generation of effluent and discharging it as per regulations.
- Promoting sustainable sourcing and supply chain sustainability.
- Promoting a circular business.
- Adapting our operations to climate change impacts.

GROUP LEVEL FUNCTIONS (CONT'D)

The sustainability framework is relevant at both Group and business unit levels and respective objectives and targets will be set in 2020. The diagram below illustrates the operating structure of the sustainability platform that will help monitor the impacts of the business units and to track our progress in meeting our sustainability commitments over the next five years. An intensive series of meetings with internal stakeholders took place from mid-2018 to 2019, which helped in identifying the material focus areas for each business unit. Specific objectives and targets are currently being defined, and we will structure our reporting in line with these in 2020. While we report on all three focus areas throughout our cluster sections (pages. 28 to 53), at Group-level we place greater emphasis on the second and third focus areas, as set out below.



OUTLOOK

During 2020 our focus will be on:

- Setting objectives and targets for material topics for each business unit, with respect to our sustainability commitments.
- Sharing and transferring good practices across the clusters in the sustainability platform.

More detailed information on our sustainability commitments, the environmental and social performance of our business units is provided in Terra's separate online Sustainability Report.

CARING FOR OUR PLANET

Our business activities depend on the use of natural resources, such as water, energy, serviceable land and sugarcane. Given this dependency, we recognise the strategic importance of integrating sustainability into the business and having a common platform to ensure better monitoring of our footprint.

As outlined below and on pages 10 and 11, the Group's business model reflects the principles of a closed-loop circular economy, with many of the by-products of one of our operations serving as a raw material input for another.

Water consumption

Mauritius is a water-stressed island and we have ongoing measures in place across our operations to reduce or optimise our water consumption. Effluents from Terragen and Terra Milling are utilised for the irrigation of Terragri (Agriculture)'s sugar cane fields (509,400 m³ in 2019).

Energy consumption and Scope 1 greenhouse gases emissions

Terragen continues to add more renewable energy sources to its fuel mix. The use of sugar cane straw from Terragri (Agriculture)'s fields has increased to 9,639 tonnes, to further decrease the volume of coal consumed per kWh, delivering both environmental and financial benefits. Some 39% of Terragen's emissions are accounted as biogenic, which means that the gases are absorbed by the sugar cane plants in the closed carbon cycle.

During 2019, there were no cases within the Group of non-compliance with legal requirements relating to the environment. We continue to work with industry associations and government authorities to assist us in managing our environmental footprint.

GROUP-LEVEL

functions (cont'd)

INTEGRATING SUSTAINABILITY THROUGHOUT THE BUSINESS (CONT'D)

OUR 2019 ENVIRONMENTAL PERFORMANCE

DIRECT RENEWABLE MATERIALS



Terragri Ltd (Agriculture)

Organic fertilisers (CMS)	Filtered mudcake (Scum)
13,917 T	4,328 T

Terra Milling Ltd

Sugar cane
919,615 T

Terragen Ltd

Bagasse	Sugar cane trash
311,544 T	9,639 T

Grays Distilling Ltd

Molasses
24,094 T

Grays Inc. Ltd

Alcohol (100%)	Bulk wines and spirits (65%)
729 m³	734 m³

Topterra Ltd

Vinasse
40,094 m³

WATER CONSUMPTION



Terragri Ltd	Terragen Ltd
5,051,600 m³	1,522,596 m³
Terra Milling Ltd	
509,413 m³	

DIRECT NON-RENEWABLE MATERIALS



Terragri Ltd (Agriculture)

Liquid mineral fertilisers	Solid fertilisers
1,546 T	457 T
Diesel	
1,085 m³	

Terragen Ltd

Coal
188,085 T

Terrarock Ltd

Boulders
380,364 T

RENEWABLE ENERGY CONSUMPTION



Bagasse and sugar cane trash

Terragen Ltd	Terra Milling Ltd
62,103 GJ	651,432 GJ

GROUP LEVEL FUNCTIONS (CONT'D)

OUR 2019 ENVIRONMENTAL PERFORMANCE (CONT'D)

NON-RENEWABLE ENERGY CONSUMPTION



Coal

Terragen Ltd	Terra Milling Ltd
131,100 GJ	373,151 GJ

DIRECT GHG EMISSIONS (SCOPE 1)



Terragen Ltd

Bagasse (Biogenic CO ₂)	Sugar cane trash (Biogenic CO ₂)
263,525 T	14,104 T
Coal (CO ₂)	
436,637 T	

Terragri Ltd (Agriculture)

Diesel (CO₂)
2,825 T

WASTE GENERATION



Grays Inc. Ltd

Recycled non-hazardous waste	
Glass bottles (damaged)	Plastic waste
30 T	4.7 T
Cardboard & paper waste	
23.1 T	

Terragri Ltd (Agriculture)

Recycled hazardous waste	
Used oil	Used tyres (vehicles)
4 m³	15 T

OUTLOOK

- During 2020 our focus will be on:
- Securing QSE certification of Grays Inc. and Grays Distilling, which will have a direct impact on their environmental performance.
 - Ensuring effective integration of environmental measures during the conception phase of the Smart City development.

GROUP-LEVEL

functions (cont'd)

DELIVERING VALUE FOR LOCAL COMMUNITIES THROUGH TERRA FOUNDATION

In addition to the significant social value created through the Group's core business activities by providing direct and indirect employment and upskilling of its workforce, Terra also provides focused support to neighbouring communities. Our Corporate Social Responsibility (CSR) programme, coordinated through Terra Foundation, is in line with Government's CSR guidelines promoting community development at both a regional and national level. The foundation's primary focus remained centered on the geographical areas around Terra's Beau Plan and Belle Vue operations. Going forward, we aim to allocate more resources to ensuring that the local communities fully tap the potential benefits associated with the development of our Smart City in Beau Plan.

OUR 2019 PERFORMANCE

This year, as per the Income Tax Act, Group companies were required to increase their contribution of the 2% of book profits from 50% to 75% to the Mauritius Revenue Authority (MRA) for onwards transmission to the National Social Inclusion Foundation (formerly the National CSR Foundation) for redistribution to local projects and NGOs. The remaining 25% was remitted to Terra Foundation. A facility was, however, granted to companies already committed to long-term projects to apply for a 25% reduction in their remittance to the National CSR Foundation. Following approval of our list of projects, this enabled us to continue investing 50% of our CSR funds into local communities. We maintained partnerships with 22 NGOs, sponsoring a total of 34 projects in 2019, with 87% of our funding being delivered in the North. Our key focus remained in the following intervention areas:

Education and training

- Sponsoring two remedial classes and other projects targeted to vulnerable students in a priority education zone;
- Sponsoring vocational training for vulnerable youth and supporting visually impaired children;
- Continuing our support for an NGO that works with autistic students; and
- Supporting two schools in the North in the delivery of a programme that develops children's skills in coping with emotions, difficult situations and violence.

Poverty alleviation

- Supporting the monitoring of youth falling out of the mainstream educational system and enabling integration through the Cycling Academy and a sports coach;
- Supporting the work of an NGO delivering an empowerment and monitoring programme for vulnerable children living in a pocket of poverty including daily meals, trainings and other recreational activities;
- Supporting an NGO monitoring and empowering ten vulnerable families; and
- Providing daily meal support to disabled students.

Health care

- Assisting vulnerable children and adults suffering from Type 1 diabetes with access to quality health services and sponsoring therapy activities to improve the daily management of their disease.

Sports

- Covering transport costs for beneficiaries attending football training sessions.

Heritage and Culture

- Sponsoring the participation of children and adults in a cultural and music festival, as well as in various workshops and visits to *L'Aventure du Sucre*, Terra's sugar museum, in association with three NGOs in Pamplemousses.

Rodrigues

- Sponsoring the entry fees at *L'Aventure du Sucre* and a lunch for a delegation of 267 people, including 159 students from five primary schools in Rodrigues. Terra employees welcomed the delegation and prepared lunch packs.

Employee volunteering

- Employees participated in various volunteering initiatives to support vulnerable children.

Further details on the above intervention areas can be found in our online Sustainability Report.

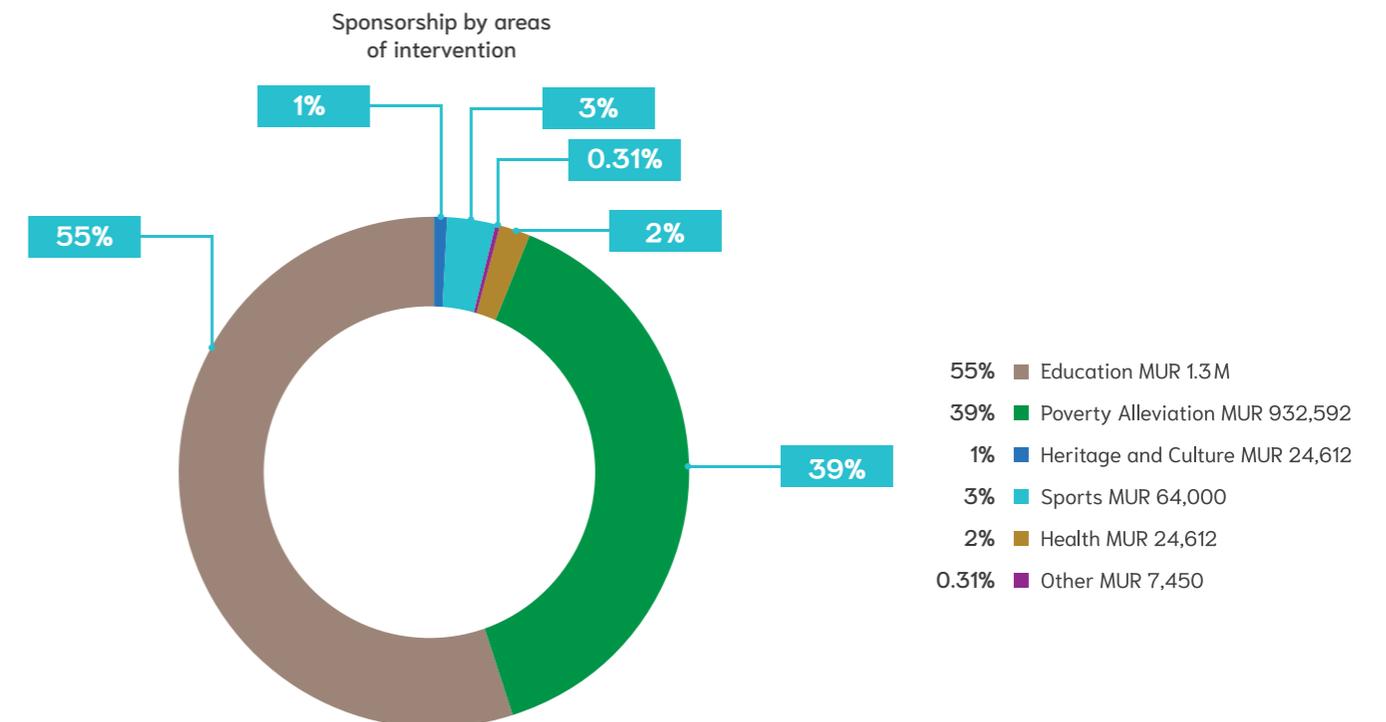
GROUP LEVEL FUNCTIONS (CONT'D)

MEASURING IMPACT

Our budget of MUR 2.4 million (net of administrative expenses) supported 1,669 beneficiaries in total. We conduct evaluation reports every year to assess the work of the various NGOs that we partner with, and every five years we conduct an in-depth assessment, bringing together our NGO partners and the beneficiaries. We actively engage with other CSR foundations and other stakeholders of the region to identify regional needs and to monitor the impact of programmes delivered.

OUTLOOK

Our focus will remain on our immediate neighbourhoods and in particular on the areas adjacent to Novaterra's Smart City in Beau Plan, where we will conduct a social survey in 2020 to identify community needs. Based on the outcomes of the survey we will, within the limits of our means, which are likely to be drastically reduced by the economic consequences of the Covid-19 pandemic, continue to work with existing NGO partners to meet both societal needs and the needs of the business. This could involve recruitment of people from local communities and training for new positions. Over time, we see our NGO partnerships being concentrated around core community and business objectives to ensure greater impact.





GOVERNANCE

OUR LEADERSHIP

A Alain Rey
B Maurice de Marassé Enouf
C Dominique de Froberville

D Alexis Harel
E Didier Harel
F Henri Harel

BOARD OF DIRECTORS

G Nicolas Maigrot
H Pascal Raffray
I Nikhil Treebhohun

J Alain Vallet
K Margaret Wong Ping Lun



OUR LEADERSHIP *(cont'd)*

A Alain Rey (60)

Non-Executive Chairman
First appointed to the Board in 2016

- 7/7 BSc (Hons) in Economics (London)
- 3/3 Member of the Institute of Chartered Accountants in England and Wales
- 5/5 Manager at Citibank NA (Paris) | 1986-1988
- 2/2 Financial Director and General Manager in the Mauritian textile industry | 1988-2005
- Regional Corporate Director of Barclays Bank in Mauritius | 2005-2006
- Chief Executive Officer of Compagnie Sucrière de Mont Choisy | 2007-2015
- Board member at Afrasia Bank | 2006-2009
- & at The State Bank of Mauritius | 2009-2015
- Current outside directorships of companies:**
- Listed
- New Mauritius Hotels Ltd | MCB Group Limited
- Quoted/non-listed
- CIEL Textile Ltd | Quantum Ltd | Precigraph Ltée | MCB Microfinance Ltd

B Maurice de Marassé Enouf (74)

Non-Executive Director
First appointed to the Board in 2011

- 6/7 Former member of the Association of Chartered Certified Accountants (UK) | Former member of the Mauritius Institute of Professional Accountants
- 2/2 Senior Audit Clerk of De Chazal Du Mée (Chartered Accountants) | 1963-1972
- Group Internal Audit Manager of Flacq United Estates | 1973-1982
- Group Accountant of Medine S.E | 1983-1984
- Chief Accountant and Finance Manager of the WEAL Group | 1984-2001
- Self-employed since 2002
- Directorships of listed companies:**
- Innodis Ltd | Mauritius Oil Refineries Ltd

C Dominique de Froberville (60)

Non-Executive Director
First appointed to the Board in 2011

- 7/7 *Maîtrise en Chimie Industrielle (France); MBA (England)*
- Production Manager in the paint and optical industries | 1985-1988
- Manager of two textile groups | 1988-2000
- Director of Operations and then Chief Executive Officer at Mauritius Freeport Development | 2001 to date.
- Former council member of the Mauritius Employers Federation and member of the Mauritius Exporters Association.

LEGEND

- Board meetings
- Strategy and Investment Committee
- Audit and Risk Committee
- Ethics Committee
- Corp. Governance Committee
- Annual Meeting

D Alexis Harel (57)

Executive Director
First appointed to the Board in 2011

- 7/7 BSc, Business Administration (USA)
- 5/5 Auditor and Trainer at De Chazal Du Mée (Chartered Accountants) | 1985-1986
- General Manager at Elastico Ltd | 1986-1988
- Director at Dataphon (Mtius) Ltd | 1988-1992
- Commercial Executive and then Managing Director at Grays | 1992 to date
- Member of Terra's Executive Committee
- Directorships of listed companies:**
- United Docks Ltd.

E Didier Harel (67)

Independent Non-Executive Director
First appointed to the Board in 2016

- 7/7 MBA, INSEAD (Institut Européen d'Administration des Affaires) (France) | BSc. Eng. (Hons) in Chemical Engineering and Chemical Technology (UK)
- 3/3 From Sales Engineer at Esso in Mauritius to General Manager of Esso in Reunion and to International Sales and Supply Coordinator at Esso Africa Head Office in the UK | 1974-1988
- 5/5 Managing Director of downstream subsidiaries of Total in Zambia and Zimbabwe, Executive Vice-President in charge of Total's downstream operations in East Africa, Indian and Pacific Oceans at Africa-Middle East Head Office in Paris, Managing Director and CEO of Total South Africa Pty Ltd in Johannesburg, Executive Director of Logistics of Total France in Paris and Managing Director and CEO of Total UK Ltd in Watford | 1989-2012
- Chairman and CEO of Société Anonyme de Gestion des Stocks Stratégiques (SAGESS) | 2012-2015
- Directorships of listed companies:**
- MCB Group Limited | Sun Ltd

F Henri Harel (59)

Executive Director
First appointed to the Board in 2011

- 7/7 *ACIS (South Africa)*
- Auditor at De Ravel, Boule, Soad & Wyman (Chartered Accountants) | 1981-1984
- Internal Auditor at Toyota SA Manufacturing | 1984-1988
- Financial Accountant at Amalgamated Beverage Industries (Coca-Cola South Africa) | 1988-1990
- Financial Controller at Société de Gérance de Mon Loisir | 1991-1996
- Financial Controller and then Group Chief Finance Officer and Executive Committee member at Terra | 1997 to date
- Directorships of listed companies:**
- Swan General Ltd

- Chairperson
- Secretary

BOARD OF DIRECTORS (CONT'D)

G Nicolas Maigrot (51)

Managing Director
First appointed to the Board in 2016

- 7/7 BSc Management Sciences (London)
- 3/3 From Management Controller to Chief Executive Officer of Floreal Knitwear and Ciel Textile | 1989-2010
- 5/5 Chief Executive Officer of IBL | 2010-2015
- Managing Director of Terra | 2016 to date
- Chairman of Terra's Executive Committee
- Directorships of listed companies:**
- Swan General Ltd | United Docks Ltd

H Pascal Raffray (44)

Non-Executive Director
First appointed to the Board in 2019

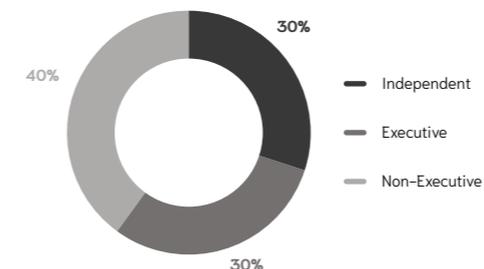
- 3/3 BA in Economics and Finance, INSEEC (France)
- Sales Assistant at Donaldson Lufkin & Jenrette (Paris) | 1999-2000
- Trader on US equities at Credit Suisse (Paris) | 2000-2007
- Trader on International equities at Neufize OBC (ABN AMRO Group) (Paris) | 2007-2013
- Dealing services – global products at BNP Paribas (Paris) | 2013 to date.

I Nikhil Treebhoohun (65)

Independent Non-Executive Director
First appointed to the Board in 2014

- 6/7 BSc (Hons) Economics, Industry and Trade (UK)
- 3/6 Postgraduate Diplomas in Financial Management (Australia) and in Development Planning Techniques (Netherlands)
- 2/2 Fellow of the World Academy of Productivity Science
- Teacher in Economics at secondary level | 1978-1981
- Senior positions at Ministry of Economic Planning and Development and Ministry of Industry | 1981-1987
- Lecturer in Economics at the University of Mauritius | 1987-1989
- Projects Manager of the Industrial and Vocational Training Board | 1989-1992
- Director of the Export Processing Zone Development Authority | 1992-2000
- Executive Director of the National Productivity and Competitiveness Council (NPCC) | 2000-2005
- Adviser and Head of the Trade Section of the Commonwealth Secretariat | 2005-2011
- Chairman of Oxford International Consultants (Mauritius) | 2011
- Chief Executive Officer of Global Finance Mauritius | 2011-2014

Composition of the Board of Directors



J Alain Vallet (65)

Non-Executive Director
First appointed to the Board in 2011

- 7/7 Advanced Certificate in Business Studies (London)
- Manager of Hamarel Distribution Ltd | 1979-1982
- From Marketing Executive for wine and spirits to Chief Executive Officer of Grays | 1982-1992
- Managing Director of Grays and member of the Executive Committee of Terra | 1993-2016
- Served with a number of private sector institutions, such as the Mauritius Chamber of Commerce and Industry, the Association of Mauritian Manufacturers and the Mauritius Employers Federation

K Margaret Wong Ping Lun (66)

Independent Non-Executive Director
First appointed to the Board in 2012

- 7/7 Fellow of the Institute of Chartered Accountants in England and Wales | BA Honours in Business Studies (London)
- 6/6 Manager of the Consultancy Department of De Chazal Du Mée, Chartered Accountants | 1985-1990
- 3/3 Lecturer in Accounting and Finance at the University of Mauritius | 1991 to her retirement in August 2019
- She was a member of the Listing Executive Committee of the Stock Exchange of Mauritius
- Directorships of listed companies:**
- Fincorp Investment Ltd

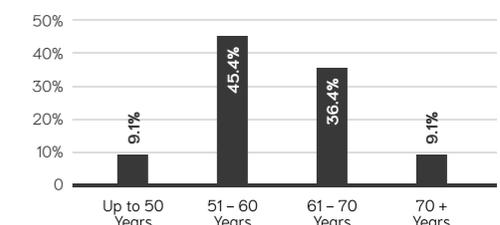
SECRETARY TO THE BOARD

Louis Denis Koenig (53)

Administrative Executive and Managing Director of Terra Services Ltd, Company Secretary

- 7/7 *Maîtrise ès Sciences Economiques (Economie d'Entreprise) | Diplôme d'Etudes Supérieures Spécialisées in Finance (France)*
- 3/3 Statistician at the Anglo-Mauritius Assurance Society | 1989-1990
- 2/2 Assistant Secretary and then Administrative Executive of Terra | 1990 to date
- Dealer's Representative of Cavell Securities Ltd and member of The Stock Exchange of Mauritius instances | 1992-2006
- Fellow of the Mauritius Institute of Directors and director of a number of subsidiaries of Terra
- Member of Terra's Executive Committee

Age pyramid of the Board of Directors



OUR LEADERSHIP *(cont'd)*

MANAGEMENT TEAM



Nicolas Eynaud
General Manager
(Novaterra)



Iqra Mosaheb
Group Legal Advisor



Joël Villeneuve Anaudin
General Manager
(Terra Finance)



John Laguette
Chief Information Officer
(Group)



Sébastien Mamet
General Manager
(Cane)



Cindy Leung
Distillery Manager
(Grays Distilling)



Jean-Marc Iweins
Plant Manager (Power)



Christopher Park
Group Human
Resource Manager



Edwige Gufflet
Managing Director
(L'Aventure du Sucre)



Julien Rousset
Senior Manager
(Project Development)



Steeve Lareine
Group Finance Manager



Marie-Annick Auguste
CSR Manager
(Terra Foundation)

OUR LEADERSHIP *(cont'd)*

1. Marie–Annick Auguste (49)

CSR Manager (Terra Foundation)

BA in Psychology and Communication (South Africa)

Marie–Annick Auguste started her career at the South African High Commission in 1991, working as confidential secretary in the political section. From 2001 to mid–2002, she worked at Desbro International, part of the Rogers Group. From 2002 to 2009, she was Head of the Sponsorship, Fundraising & Public Relations Department of SOS Children’s Villages Mauritius. She was appointed as Terra Foundation’s CSR Officer in May 2010 and is now its CSR Manager.

2. Nicolas Eynaud (52)

General Manager (Novaterra)

National Diploma in Land Surveying (South Africa)

Nicolas Eynaud started his career in 1991 at SDDSR (Land Surveyors), where he became a partner in 1995. There, he was involved in an extensive range of projects for the island’s major estates and corporate bodies, in the fields of building, engineering and cadastral surveying. In 2001 he joined Espral, a service company providing full land management & commercial support to all land–based assets owned by the ENL Group. He was appointed General Manager of Espral in 2009, a position which he held until 2013. After spending some two years as Group Property Manager at *Compagnie de Beau Vallon*, Nicolas Eynaud joined the Group in January 2016.

3. Edwige Gufflet (51)

*Managing Director
(L’Aventure du Sucre)*

*Maitrise ès Sciences Economiques (France)
MBA (USA)*

Edwige Gufflet started her career in the banking sector in 1993 and worked there until 1998. She then moved on to project management at CIEL Textile until 2003. The same year, she joined *L’Aventure du Sucre* as General Manager and was promoted Managing Director in December 2012.

4. Jean–Marc Iweins (39)

Plant Manager (Power)

Diplôme d’Ingénieur Généraliste de l’ICAM Lille (France)

After working ten years as account manager for water treatment activities in the French West Indies and in the Indian Ocean islands, Jean–Marc Iweins joined Albioma in 2014 as deputy power plant manager of Albioma Bois–Rouge in Reunion Island. He held this function from 2014 to 2018. He is managing the Terragen power plant since July 2018.

5. John Laguette (40)

Chief Information Officer (Group)

*BSc (Hons) in Business Information Technology (UK)
MSc in Internet & Database Systems (UK) | MBA (France)
Member of the British Computer Society*

Upon his return to Mauritius in 2003, John Laguette started his professional career as IT Coordinator for the Group. He joined La Sentinelle in 2004 to act in the capacity of Systems Administrator. He was recruited back by the Group in 2005 to serve as Group ICT Manager and was subsequently appointed Chief Information Officer in 2011.

6. Steeve Lareine (55)

Group Finance Manager

Fellow of the Association of Chartered Certified Accountants (UK) | Member of the Mauritius Institute of Professional Accountants

Steeve Lareine started his professional career with De Chazal du Mée & Co (Chartered Accountants) in the Auditing and subsequently in the Consulting Department. Before joining the Group in 1999, he was employed as Divisional Accountant at Rey & Lenferna.

7. Cindy Leung (41)

Distillery Manager (Grays Distilling)

BSc (Hons) Biology with Environmental Sciences

Cindy Leung started her career as Head of the Quality department of Innodis Ltd in 2000, before being appointed Production Manager and subsequently Manager – Procurement & Quality in 2012, where she embraced new responsibilities in the commercial and logistics arms of Innodis Ltd. She joined Grays Inc. Ltd in 2015 as Supply Chain Manager, and since January 2019, she has been entrusted the additional task of managing Grays Distilling Ltd.

8. Sébastien Mamet (44)

General Manager (Cane)

Chartered Accountant (UK)

After working in the Audit Department of Ernst & Young in London and in Mauritius for eight years, Sébastien Mamet joined the Corporate Finance Division of PricewaterhouseCoopers Mauritius in 2004. As Senior Manager of the division, he advised clients on *inter alia* mergers and acquisitions, business plans, finance raising and financial restructuring. He joined Harel Frères in 2009 to head its new strategic development function. As a member of the Management Committee, he used to advise on the Group’s strategic orientation and was responsible for implementing new business developments. He was appointed General Manager (Agriculture) in 2016.

9. Iqra Mosaheb (43)

Group Legal Advisor

*LLB (Hons) (Mauritius), LLM (Bristol, UK),
MBA (Paris–Dauphine, France) | Barrister at Law*

Called to the Mauritian Bar in 2002, Iqra Mosaheb started her career in the offshore sector. She has, over the last 16 years, acquired extensive experience in corporate legal services, including in overseeing group in–house legal services, both in the financial services and in non–financial services sectors, with an enhanced focus on banking services. She has been the Legal Advisor of MauBank Ltd prior to joining Terra in 2017.

10. Christopher Park (37)

Group Human Resource Manager

*BCom HRM, Management and Business Law (Australia)
MCom Human Resources and Marketing (Australia)*

Christopher Park started his career in Australia in 2006 where he worked for the country’s largest human resource consulting and recruitment company, Chandler Macleod, as HR & Recruitment Consultant. Upon his return to Mauritius in 2009, he joined Adecco Mauritius as a Recruitment and HR consultant. He then joined Enterprise Information Solutions (part of the Cim Group) as their HR Manager in 2010. After one year, he was additionally offered the position of the group’s Corporate HR Manager. He was employed by Rogers as Corporate HR Manager from October 2012, before joining Terra as Group HR Manager in December 2013.

MANAGEMENT TEAM (CONT’D)

11. Ajay Parsan (56)

Factory Manager (Terra Milling)

*Diploma in Mechanical and Electrical Engineering
Diploma in Occupational and Safety Management
Member of the International Society of Sugar Cane Technologists*

After a long career in the textile sector as Production Engineer and Factory Manager, Ajay Parsan joined the group as Factory Manager of Terra Milling in June 2016.

12. Julien Rousset (38)

Senior Manager (Project Development)

MSc in Management (France)

After working in China for five years in the engineering field and setting up a wholly foreign–owned bank in Shanghai, Julien Rousset joined the sugar cane industry in Tanzania and Mauritius for four years, heading a number of strategic developments on the African continent for different Mauritian groups. He joined Terra in 2016 to head its strategic development function. As a director of some of Terra’s associates and a member of a number of management committees, he advises on the strategic orientation of the Group and is responsible for following existing investments and implementing new business developments.

13. Joël Villeneuve Anaudin (50)

General Manager (Terra Finance)

*Maîtrise ès Sciences Economiques, spécialisation
Marchés de capitaux et Risques financiers (France)
ACI Forex & Money Market Dealing Certification (UK)
Financial Technical Analysis Certification*

Joël Villeneuve Anaudin started his career in banking treasury activities at BNP Paribas in 1996. Between 2001 and 2012, he set up and led treasury and forex hedging operations for various banks and corporations, namely: the CIEL Group, Bank One and ABC Banking Corporation. Joël was instrumental in the development of Upstage, a business consultancy company offering trading and corporate treasury management advice, which was appointed by Terra to structure Terra Finance, a subsidiary which provides treasury management solutions and assistance to Group companies. In March 2014, Joël joined the Group as Terra Finance’s General Manager.

MANAGEMENT

information

EXECUTIVE COMMITTEE

Nicolas Maigrot	Managing Director
Nicolas Eynaud	General Manager (Novaterra)
Alexis Harel	Executive Director
Henri Harel	Group Chief Finance Officer
Louis Denis Koenig *	Administrative Executive
Sébastien Mamet	General Manager (Agriculture)
Julien Rousset	Senior Manager – Project Development

* Also serves as Secretary to the Committee

Profiles of Executive Committee members are set out on pages 68, 69, 72 and 73.

ACCOUNTS

Steeve Lareine	Group Finance Manager
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HUMAN RESOURCES

Christopher Park	Group HR Manager
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INFORMATION TECHNOLOGY

John Laguette	Chief Information Officer
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LEGAL

Iqra Mosaheb	Group Legal Advisor
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CORPORATE SOCIAL RESPONSIBILITY

Marie-Annick Auguste	CSR Manager
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CANE

Sébastien Mamet	General Manager
Ajay Parsan	Factory Manager

POWER

Terragen Management Ltd	Managers
Jean-Marc Iweins	Plant Manager

BRANDS

BOTTLING AND DISTRIBUTION

Alexis Harel	Managing Director
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DISTILLERY

Cindy Leung	Distillery Manager
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PROPERTY & LEISURE

Nicolas Eynaud	General Manager
Edwige Gufflet	Managing Director (Sugarworld Ltd)

STONE CRUSHING & BLOCK MAKING

The United Basalt Products Limited	Managers
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TREASURY MANAGEMENT

Joël Villeneuve Anaudin	General Manager
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CORPORATE

governance report

TERRA Mauricia Ltd (“Terra” or “the Company”) is classified as a Public Interest Entity (“PIE”) according to the Financial Reporting Act 2004 and is therefore required to apply the 8 principles of the Code of Corporate Governance in accordance with The National Code of Corporate Governance for Mauritius (2016) (the “Code”). This Corporate Governance report provides adequate explanation of how these principles have been applied by the Company and its subsidiaries (“the Group”).

CONSTITUTION

The constitution of Terra is in conformity with the provisions of the Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius. It is available on the Group’s website. The constitution has the following salient features:

- Wide objects and powers are conferred on the Company;
- The absence of ownership restrictions or pre-emptive rights attached to shares issued by the Company;
- The ability of the Company to purchase its own shares, and to reissue and sell any of them;
- Retirement by rotation of three directors at every Annual Meeting.
- A procedure for proposing candidates for election to the office of director;
- The ability of shareholders to cast postal votes; and
- The casting vote of the Chairman.

On 28 and 30 December 2011, applications under Section 178 of the Companies Act were lodged before the Bankruptcy Division of the Supreme Court by certain dissenting shareholders of Harel Frères Ltd (now Terragri Ltd), representing some 6.4% of the share capital, alleging that they had been unfairly prejudiced by the scheme of arrangement approved by a majority of shareholders on 23 November 2011 (the Scheme), and requesting the buyback of their shares at fair value or the payment of compensation of a sum in excess of MUR 64 per share held by them. On the same day, in order to reassure the dissenting shareholders that their rights had not been affected by the Scheme, the Board of Terragri decided to amend the constitution of Terra, before the effective date of the Scheme, so that any matter that would have required the approval of the shareholders of Terragri would be submitted for the approval of those of Terra. Corresponding amendments were brought to the constitution of Terragri Ltd after the effective date of the Scheme. The Board of Directors was advised that the above claim was misconceived. Counsel had further opined that the claim amounted to an abuse of the process of the court. The claim was resisted and the matter was heard on 25 May 2012. On 11 February 2014, a judgement was issued by the Supreme Court, dismissing the application with costs and confirming that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders had appealed against the judgement and the Court of Appeal has in its judgement, delivered on 25 March 2019, dismissed the appeal with costs. The appellants have since obtained leave from the Supreme Court to submit an appeal to the Privy Council.

BOARD OF DIRECTORS

The Board as a whole is ultimately responsible and accountable for the affairs and overall performance of the Group. It must ensure that proper systems and controls are in place to protect the Group’s assets and its good reputation. Having regard to recommendations made by Management, the Board makes strategic choices, decisions and identifies key risk areas, monitors and evaluates the implementation of policies and business plans, and approves major investments as well as the Company’s annual capital expenditure and operating budgets. The Board has performed these responsibilities during the year.

The roles of the Chairman and Managing Director are separate and each of them has clearly defined responsibilities. The Chairman’s main role is to lead and oversee the proper functioning of the Board and to ensure that it operates effectively. The Managing Director is responsible for the day-to-day management of the Group, supervising a team of executives, coordinating the elaboration and submission of development strategies to the Board and monitoring the effective implementation of operational decisions. The Board has adopted a Board Charter, available on Terra’s website, which describes clearly, *inter alia*, the role and responsibilities of the Board and its committees, the duties and powers of the Board, the related decision-making processes, and the management of potential conflicts of interest. The directors are aware of their legal duties. The Board has also approved formal information technology and information security policies, which are available under the Corporate Governance section of the Group’s website and which describe, *inter alia*, the restrictions placed over the right of access to information. These policies are regularly reviewed by the Board, which also approve yearly, together with the annual capital expenditure budgets of the main clusters, the significant expenditures on information technology.

Directors are expected to attend, in person or by teleconference, all Board meetings and all Board Committee meetings of which they are members, except in exceptional circumstances. Board meeting dates are generally set well in advance to enable directors to manage their other commitments. The attendance of directors at Board and Committee meetings in 2019, as well as at the Annual Meeting of shareholders, is set out on page 68 and 69. The Board of Terra met seven times during the year, including a special full-day session dedicated to Group strategy.

Senior Group executives are invited, when appropriate, to attend Board meetings and make presentations on the strategies and projects under the custody of their business units. The profiles of the senior Group executives are set out on pages 68 to 73. Consultants are also invited to attend board meetings when necessary and, in 2019, several of them made presentations to the Board. During the year under review the Board focused on the following issues:

- Ensuring that the Company acted as a socially responsible entity;
- Approving the audited consolidated annual and interim financial statements and their abridged version for publication, as well as the Annual Report;
- Recommending to the shareholders a change of external auditors;
- Overseeing performance of the main clusters against budgets;
- Ensuring balanced and constructive communications with stakeholders;
- Approving major strategic investments and credit lines with financial institutions;
- Enhancing the governance structures, frameworks, policies, processes and procedures in line with best practices and current regulations;
- Considering reports from the Board committees;
- Overseeing key risk areas and ensuring effective risk management processes;
- Declaring final dividends for the year ending on 31 December 2019;
- Providing guidance and leadership in the corporate governance arena; and
- Considering, providing input and approving the Group's strategy for the forthcoming financial year.

BOARD SIZE AND COMPOSITION

In terms of the constitution, the Board of Terra, which is a unitary one, consists of not more than eleven directors and includes five non-executive directors, three executive directors and three independent non-executive directors. This size and composition have been found appropriate to take into consideration the structure of the shareholding, while providing for an adequate number of independent and executive directors.

The directors who held office at 31 December 2019 are those listed on pages 66 to 69.

Their profiles, as well as the directorships held by them in listed companies, including the external obligations of the Chairman, as well as any change thereto and its impact, appear on the same pages. The other external directorships held by them are available on page 247. The external obligations of the Chairman have not changed in 2019 and they have been found to be compatible with the discharge of his duties and responsibilities. The Board charter has capped the number of outside positions of directors to ten, but the Board has the discretion of authorising a greater number on a case by case basis. None of the directors have reached the prescribed limit. Except for Mr Pascal Raffray, who resides in Paris, all other directors ordinarily reside in Mauritius, and there is one female member on the Board. None of the independent directors have served for more than nine years on the Board. If this was the case, the Board would examine regularly the situation and performance of the director to determine if he/she would still be considered as independent.

The Code of Corporate Governance, as well as the Board charter, enumerates a set of criteria determining the status of independence, from a director's standpoint. One of these criteria states that cross directorships or significant links with other directors through involvement in other companies or bodies, could result in the director being defined as non-independent. The Board charter also gives the Board the right to grant waivers to any of the above criteria so that knowledge, experience, skills and integrity are privileged in the nomination process of independent directors. Although Mr Didier Harel and the Chairman have cross directorships in one company at non-executive level only, the Board has carefully considered, and resolved that there is, in its perception, no reason why Mr Didier Harel ought not continue to be regarded as independent director. The Board has determined that he has shown objectivity and an unfettered independent judgement, that he has performed his duties in good faith and that his independence as director has not been affected in any way whatsoever by this cross directorship.

At the Annual Meeting held in 2019, three directors retired from office, either by rotation or under Section 138 of the Companies Act. All of them were eligible for re-election and were re-elected. A new non-executive director was also elected in replacement of the one who resigned in 2018. Three non-executive directors, namely Mr Alain Rey, Mr Nikhil Treebhooonun and Mr Maurice de Marassé Enouf, will be proposed for re-election at the next Annual Meeting. The latest Board evaluation has confirmed their performance and commitment.

The Board is of the opinion that the rotation of three directors each year, as provided by the constitution of Terra is appropriate in the circumstances of the Group, given its complexity and the diversity of its activities. The Board believes that the tenure of office of directors should be of a sufficient duration to allow these directors – particularly independent directors and those who are members of the committees established by the Board – to be reasonably conversant with the intricacies of the Group's operations so as to exercise the degree of leadership, skill and judgement required to ensure sound decision-making at Board level, in the best interests of the Group.

The Board is responsible for the succession planning, including senior executives and the nomination process of directors: this has been partly delegated to the Corporate Governance Committee. The latter identifies potential new directors, according to the provisions of Terra's constitution, as well as new executives and makes recommendations to the Board after considering the skills, knowledge, experience, age and gender of the candidates. Upon their appointment, the new non-executive directors receive a formal letter describing their legal responsibilities and fiduciary duties, as well as the Board's specific expectations, including the time commitment. The Board is also responsible for the induction of new Directors, with the help of the Company Secretary, and for their professional development. The latest Board Effectiveness Evaluation represented the opportunity to discuss this specific matter with the Directors and to assess their training needs.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF TERRA MAURICIA LTD

The Directors' interests in the Company's securities as at 31 December 2019 pursuant to the Listing Rules are as follows:

Directors	ORDINARY SHARES							
	DIRECT				INDIRECT			
	Shares	%	Usufruct	%	Shares	%	Usufruct	%
Maurice de Marassé Enouf	-	-	-	-	-	-	-	-
Nikhil Treebhooonun	-	-	-	-	-	-	-	-
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	64,483	0.03%	-	-
Henri Harel	413,666	0.18%	-	-	200	0.00%	-	-
Nicolas Maigrot	-	-	-	-	-	-	-	-
Didier Harel	-	-	-	-	-	-	-	-
Alain Rey	-	-	-	-	-	-	-	-
Alain Vallet	288,190	0.13%	-	-	3	0.00%	1,135,710	0.50%
Margaret Wong Ping Lun	-	-	-	-	1,333	0.00%	-	-
Pascal Raffray	-	-	-	-	-	-	-	-
Total	701,989	0.31%	-	-	66,285	0.03%	1,135,710	0.50%
Total issued shares	227,545,624							

None of the Directors holds any interest in subsidiaries of the Company. The Directors abide by the principles enunciated in the Model Code on Securities Transactions by Directors, set out in Appendix 6 of the Mauritius Stock Exchange Listing Rules. During the year under review the following shares of Terra were traded by Directors:

Name	No. of shares	Bought / Sold
Mr Alain Vallet	24,300	Bought
Associate of Mr Alexis Harel	9,200	Bought

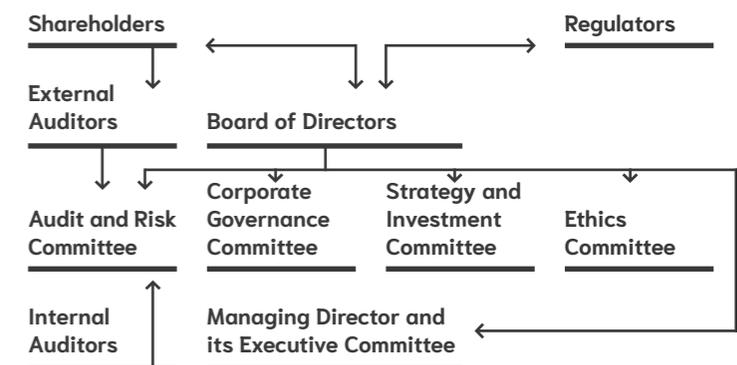
None of the other Directors bought or sold shares of Terra.

GROUP COMPANY SECRETARY

Directors have direct access to the advice and services of the Secretary, Terra Services Ltd, through its representative, Mr Louis Denis Koenig, who is responsible for ensuring that Board procedures and processes are followed. He also ensures that, within one month of their appointment, newly appointed directors are made aware of their fiduciary duties and responsibilities and prepares an induction programme tailored to their individual requirements, in order for them to be immediately familiar with the Group's operations and business environment and to meet and exchange with senior management. This was the case for the new Director appointed in 2019. An interest register is maintained by the Company Secretary and is available for inspection by shareholders upon written request to the Company as provided by law.

GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY

Terra's governance structure provides for delegation of authority while enabling the Board to retain effective control. The Board delegates specific responsibilities to the Managing Director, as well as to Board committees with clearly defined mandates. Their terms of reference, which have been approved by the Board, were reviewed in 2017 and will be reviewed regularly every three years. They are posted on Terra's website, as well as the position statement of each senior governance position within the Company. While an independent director assumes the chairmanship of the Audit and Risk Committee, the Chairman of the Board chairs the three other committees in order to ensure a smooth and proper coordination between these committees and the Board.



CORPORATE

governance report (cont'd)

BOARD COMMITTEES

AUDIT & RISK COMMITTEE

COMPOSITION

Members throughout the year:

Margaret Wong Ping Lun	Chairperson: Independent non-executive
Maurice de Marassé Enouf	Member: Non-executive
Nikhil Treebhoohun	Member: Independent Non-executive

Other regular attendees:

Managing Director	External auditors
Group Chief Finance Officer	Internal auditors
Group Finance Manager	Group Risk Champion

TERMS OF REFERENCE

The Committee operates under formal terms of reference modelled closely in the Code's provisions. It is primarily responsible for maintaining an appropriate relationship with the Group's external auditors, reviewing the effectiveness of the systems of internal control, including internal financial control and business risk management and the audit process. Its main objective is to provide the Directors with additional assurance regarding the quality and reliability of financial information used by them and to assist them in properly discharging their duties. The Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit work. External and internal auditors have unrestricted access to the Committee. The Committee's terms of reference also encompass the responsibilities to oversee the Group's risk management framework. The Board reviewed these terms of reference in November 2017.

GRAYS' AUDIT & RISK COMMITTEE

Given that 26% of Grays Inc. Ltd is owned by Distell Group, a strategic partner, and taking into account the complexity of its activities, Grays Inc. Ltd has a separate Audit and Risk Committee. This committee was under the chairmanship of George Schooling, a representative of the strategic partner, with Henri Harel and Maurice de Marassé Enouf as members. Both George Schooling and Maurice de Marassé Enouf resigned as at 31 December 2019. They were respectively replaced by Leonard Volschenk as Chairman and Dominique de Froberville as member. The committee reports to the Board of Grays. The minutes of its proceedings are circulated to Terra's Audit and Risk Committee and Board. Grays' Audit and Risk Committee met on two occasions during the year: the first meeting focused mainly on the risk management, the internal audit planning for the year, the audited financial statements and the review of two internal audit reports and the second one focused again on risk management, the review of three other internal audit reports and the planning of internal audit work for the next year.

EXTERNAL AUDITORS

At the Annual Meeting held in June 2019 the shareholders approved the appointment of KPMG, in replacement of BDO & Co and in conformity with the recent legislation regarding the rotation of auditors.

Details of audit and non-audit fees are disclosed on page 93.

MEETING SCHEDULE

The Audit and Risk Committee met six times in 2019 and satisfied its responsibilities for the year in compliance with its terms of reference. Individual attendance by directors is set out on pages 68 and 69. When the Committee met with the external auditors to review the financial statements, critical policies, judgements and estimates were discussed. As from 2018 the Committee has, on that occasion, met the auditors outside the presence of management.

COMMITTEE FOCUS IN 2019

- Consolidated and abridged audited financial statements for approval by the Board and publication.
- Review of annual report and management letters for the Group.
- External and internal audit planning for 2019.
- Review of internal audit reports.
- Appointment of external auditors.
- Meeting with the newly appointed external auditors.
- Meeting with the Financial Controllers of the main clusters.
- Meeting with the insurers together with the Group's General Managers.
- Regular review of the effectiveness of the implementation of the Risk Management Framework, as described in the Group's Enterprise Risk Management (ERM).

CORPORATE GOVERNANCE COMMITTEE

COMPOSITION

Members throughout the year:

Alain Rey	Chairman: Non-executive
Didier Harel	Member: Independent Non-executive
Margaret Wong Ping Lun	Member: Independent Non-executive

In attendance:

Nicolas Maigrot	Executive
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TERMS OF REFERENCE

The Committee's role encompasses the functions of both the Remuneration and the Nomination Committees. Its terms of reference include *inter alia* the development of Group general policy on executive and senior management remuneration, as well as the determination of both specific remuneration packages and performance measurement criteria for executive directors. It also makes recommendations concerning the level of directors' fees. It regularly reviews the Board's structure, size and composition and makes recommendations to the Board on directors appointments. The Committee has the further responsibility of implementing the Code throughout the Group and of ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in it. The Board reviewed the terms of reference of the Committee in November 2017.

BOARD SELF-EVALUATION

A Board Effectiveness Self-Evaluation exercise was initiated during the last quarter of 2019 and was held in the first quarter of 2020 with the help of Ernst & Young (EY). The report was subsequently submitted to the Committee and to the Board. The appropriate measures will be taken regarding the improvement areas identified by the report and pertaining mainly to the professional development of the non-executive directors, the remuneration policies and the individual appraisal of the directors' performance. The next evaluation exercise will be proposed in 2022.

MEETING SCHEDULE

The Corporate Governance Committee met three times during the year and the attendance of individual directors at these meetings is detailed on pages 68 and 69.

COMMITTEE FOCUS IN 2019

- Corporate Governance Report for the year ended 31 December 2018.
- Appointment and re-appointment of directors.
- Preparation of Annual Meeting held on 26 June 2019.
- Composition of Boards of Directors of subsidiaries and associated companies.
- Political donations.
- Board self-evaluation.
- Review of the remuneration of executives.
- Determination of the variable portion of executives' remuneration.
- Renewal of the Directors and Officers Liability insurance policy.

STRATEGY & INVESTMENT COMMITTEE

COMPOSITION

Members throughout the year:

Alain Rey	Chairman: Non-executive
Dominique de Froberville	Member: Non-executive
Nicolas Maigrot	Member: Executive
Alexis Harel	Member: Executive
Didier Harel	Member: Independent Non-executive
Henri Harel	Member: Executive

In attendance:

Julien Rousset	Executive
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TERMS OF REFERENCE

The aim of the Strategy and Investment Committee is to assist the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee reviews, approves and recommends to the Board investment or disinvestment choices based on input provided by the management team. It has neither managerial nor decisional powers. The Committee consists of a minimum of three and a maximum of six directors appointed by the Board, at least half of whom should be non-executive directors and preferably independent. The Board appoints a chairman from amongst the non-executive members of the Committee. The Board reviewed the terms of reference of the Committee in November 2017.

MEETING SCHEDULE AND COMMITTEE FOCUS IN 2019

The Strategy and Investment Committee met five times in 2019. It reviewed the Group's investment portfolio as well as investment or disinvestment opportunities, including new projects for the property cluster, the financing requirements of the Group and made a number of recommendations to the Board. The attendance of individual Directors at these meetings is detailed in the table on pages 68 and 69.

ETHICS COMMITTEE

COMPOSITION

Members throughout the year:

Alain Rey	Chairman: Non-executive
Maurice de Marassé Enouf	Member: Non-executive
Christopher Park	Member: Human Resources Manager
Nikhil Treebhoohun	Member: Independent Non-executive
Louis Denis Koenig	Member: Executive

In attendance:

Gilbert Bouic (Group Ethics Officer)	Consultant
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COMMITTEE FOCUS IN 2019

- Report of the Ethics Officer on its activities.
- Renewed the agreement with Transparency Mauritius for the whistle-blowing services.
- Dissemination of information on ethics within the Group.
- Action plan of the Ethics Officer for 2020.

TERMS OF REFERENCE

The Group is fully committed to its Code of Ethics covering ethical standards and inspired by the code of ethics issued by the Mauritius Employers' Federation and the Model Code of Conduct for directors and employees of private-sector companies issued by the Joint Economic Council. The Group's Code of Ethics is monitored by the Ethics Committee, which has the mandate to receive and deal with any complaint relating to the code and to ensure that it is regularly updated.

The Group's updated Code of Ethics, which includes a whistle-blowing policy monitored by Transparency Mauritius, was officially launched in 2014. All Board members, senior executives, staff and employees were invited to renew their commitment to abide by the Code. No whistle-blowing case was reported in 2019 and the Group Ethics Officer continued to devote time to encouraging the Group's stakeholders, such as contractors and suppliers, to follow the Code so as to ensure its successful implementation. The Code should be reviewed during the current year.

The Board reviewed the terms of reference of the Committee in November 2017.

MEETING SCHEDULE

The Committee met twice in 2019 and the attendance of individual directors at meetings is detailed in the table on pages 68 and 69.

REMUNERATION OF DIRECTORS AND REMUNERATION POLICY

DIRECTORS

All Board Directors are remunerated according to a fixed fee, as well as an additional fee for each Board and committee meeting attended. The Chairman is remunerated in a similar manner, but at a higher rate. The Board's remuneration is recommended by the Corporate Governance Committee and is submitted to the Annual Meeting for approval. The Board approves the committee fees.

The remuneration received by directors from the Company varied according to the number of meetings held and attended in 2019 and the number of committees on which they sat. The non-executive directors do not receive any remuneration in the form of share options or in relation to the Company's or the Group's performance. The individual remuneration received from the Company by the directors in office on 31 December 2019 is as follows:

Directors	2019 (MUR'000)	2018 (MUR'000)
Maurice de M. Enouf	779	673
Dominique de Froberville	689	662
Alexis Harel	778	636
Didier Harel	787	787
Henri Harel	527	507
Nicolas Maigrot	527	507
Pascal Raffray (as from 26 June 2019)	254	-
Alain Rey (Chairman)	1,573	1,562
Nikhil Treebhoohun	676	683
Alain Vallet	527	471
Margaret Wong Ping Lun	960	773

EXECUTIVES

As regards executive directors, the remuneration policy, which is determined by the Corporate Governance Committee, aims at:

- Aligning executive remuneration with the Group's business objectives and shareholder value;
- Attracting, retaining and motivating high-calibre executives capable of achieving the Group's objectives;
- Motivating executives to achieve ambitious performance levels; and
- Recognising performance at both individual and corporate level.

The overall remuneration of executive directors includes a basic salary, pension and other benefits, as well as a variable annual performance bonus, in addition to the fixed and per meeting directors' fees. The variable performance bonus is in line with the above-mentioned policy objectives and is based on a percentage of the Group or relevant company's profit after tax, after deduction of any item of exceptional or non-operational nature, as well as on the achievement of agreed Key Result Areas. The variable annual performance bonus represents a significant percentage of the total

remuneration of the executive directors. This aims at better aligning the objectives set for these directors with those of the Group and providing an added incentive to respond to the challenges which the Group faces.

The Corporate Governance Committee has retained outside consultants to provide independent market information and advice relating to the regular review of executive performance and remuneration.

The executive directors do not receive any fees in their capacity of directors of subsidiaries. They may however receive a remuneration from the subsidiary which is their employer.

The remuneration and benefits received by the directors from the Company and its subsidiaries as at 31 December 2019 are disclosed in the Statutory Disclosures on page 92.

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Related party transactions are disclosed in aggregate in Note 42 to the Financial Statements. During the year, there were no material transactions between Terra or any of its subsidiaries or associates and a director, chief executive, controlling shareholder or companies owned or controlled by a director, chief executive or controlling shareholder. Conflicts of interest, if any, have been properly declared by interested directors and were properly managed according to the Conflict of Interest policy of the Group.

MANAGEMENT AGREEMENTS

Except for the management contracts between Ivoireil Limitée and *Sucrivoire*, between Terrarock Ltd and The United Basalt Products Ltd, and the development management agreement between Terragri Ltd and Beau Plan Campus Ltd, there are no management agreements with third parties to which Terra or a subsidiary is a party.

HEALTH, SAFETY AND ENVIRONMENT

An overview of the Group's Health and Safety activities and of environmental performance is provided on pages 56 to 63 of this report.

DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Political and other donations made during the year are shown on page 93. Until further notice the Board has decided to maintain the current practice of disclosing in aggregate the political contributions.

The Group's policies and practices in relation to Corporate Social Responsibility are detailed on pages 62 and 63.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall ultimate responsibility for the system of internal control and risk management. Details on the way the Board delivered its duties in that respect, with the help of the Audit and Risk Committee, are provided on pages 84 and 85 of this report.

SHARE OPTION PLAN

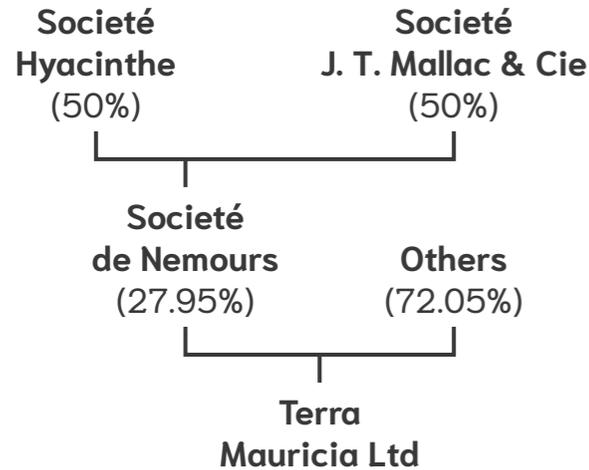
The Group has no share option plan.

CORPORATE

governance report (cont'd)

HOLDING STRUCTURE

As at 31 December 2019, the holding structure of Terra Mauricia Ltd (Terra) was as follows:



GROUP STRUCTURE

The Group structure is provided on page 248. The creation of new structures within the Group is generally discussed at the level of the Executive Committee (as defined on page 74) and the Strategy and Investment Committee, before being submitted to the relevant Board's approval. Information is exchanged within the Group through the Executive Committee, as well as the various management committees that have been set up for each cluster. The Group's risks are managed by each General Manager, each of whom has signed an acknowledgement in that respect. These risks are monitored by the Group Risk Champion through a risk management framework and a risk register, under the supervision of the Audit and Risk Committee.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, the following shareholders were directly or indirectly beneficially interested in 5% or more in the share capital of Terra:

Name	Direct	Indirect
Mallac Sim Armelle	0.69%	5.57%
Moulin Cassé Ltée	1.09%	9.52%
Société de Nemours	27.95%	-
Société Hyacinthe	-	13.98%
Société J.T. Mallac & Cie	1.09%	13.98%

It should be noted that Moulin Cassé Ltée holds its indirect interest through Société Hyacinthe, which is a member of Société de Nemours. Mrs Armelle Mallac Sim holds her indirect interests through Société J.T. Mallac & Cie and through Sociétés Adamal, Albamal, Amal and Aramal, which are members of Société J.T. Mallac & Cie and also hold shares directly in the Company. To date, no other entity or individual has reported an interest of 5% or more in the share capital of Terra.

COMMON DIRECTORS

As at 31 December 2019, the following Directors were common to Terra and the Group's holding entities:

Directors of the company	DIRECTORS OF HOLDING ENTITIES		
	Société de Nemours	Société Hyacinthe	Société J.T. Mallac & Cie
Maurice de Marassé Enouf	x		x
Dominique de Froberville	x		x*
Alexis Harel	x	x	
Henri Harel	x	x	
Alain Rey	x*		
Alain Vallet	x	x*	

* *Chairman*

While there is no formal meeting between the Board and the main shareholders of Terra other than the Annual Meeting, these common Directors allow the Board to remain aware of the concerns of the major shareholders.

SHAREHOLDERS' AGREEMENT

Terra is not a party to any shareholders' agreement and, to the best of its knowledge, there is no shareholders' agreement between its direct shareholders.

CORPORATE GOVERNANCE REPORT (CONT'D)

DIVIDEND POLICY

The Board has no formal dividend policy. Having regard *inter alia* to Group performance, capital expenditure, debt servicing requirements and investment needs, as well as any uncertainties facing the Group, the Board nevertheless aims to distribute a yearly dividend that is considered sustainable in the medium to long-term, under normal circumstances.

SHAREHOLDERS' AND STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Group understands the importance of communicating with its shareholders and ensures that they are kept informed on matters affecting Terra. An overview of the relationships with the main stakeholders is provided on pages 24 and 25. Communication is effected via the Annual Report, the Sustainability Report, circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius, press announcements, the publication of Group unaudited quarterly and audited abridged financial statements, dividend declarations, Terra's website and social media, where visitors can leave questions or comments, and the Annual Meeting, to which all shareholders are invited.

Moreover, all Directors are invited and encouraged, save for exceptional circumstances, to attend the Annual Meeting and to be available to answer shareholders' questions. In 2018 and 2019 all the Directors attended the meeting. Since 2003, it has been the practice to allow for the postal vote of shareholders at the Annual Meeting of Harel Frères and subsequently of Terra.

The main institutional investors and investment managers are, since 2017, invited each year to attend a presentation on the published audited results and to put questions to Management. This exercise is well attended and welcomed by the investing community. Journalists have the opportunity to attend a press briefing on the same day. In addition to the institutional or official forums such as the Mauritius Chamber of Agriculture, Business Mauritius, the Mauritius Chamber of Commerce and Industry, the Mauritius Sugar Syndicate or the Mauritius Cane Industry Authority, through which the Group is able to engage with its stakeholders, there are regular contacts established with the local communities. Those contacts are made, either directly or via the local authorities, on a frequent or ad-hoc basis, to remain apprised of the concerns and expectations of the stakeholders. There has been a number of social impact surveys conducted in the neighbouring regions, including in the context of the future Beau Plan Smart City, to help the Group engaging with the local *forces vives* and communities.

Forums are also regularly organised by Terra Foundation with NGOs to assess their work, needs or expectations, and also to find ways of going beyond the strictly financial aspect of Corporate Social Responsibility (CSR).

SHARE INFORMATION

Information relating to share distribution and Stock Exchange performance is set out on pages 86 to 89. Dates of important events are also noted.

Terra Services Ltd
Secretary
29 July 2020

INTERNAL CONTROLS and Risk Management

Terra's success as an organisation depends on its ability to identify and exploit the opportunities generated by its business and the markets it operates in. While ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is in the way Terra conducts its business and the culture of its team. Terra takes an embedded approach to risk management that puts risk and opportunity assessment at the core of the leadership team agenda.

INTERNAL CONTROLS AND AUDIT

The Board, through the Audit and Risk Committee is responsible for ensuring an effective internal control system, which comprises the following:

- Key processes for monitoring the system of internal control through a detailed organisational structure, including the delegation of responsibilities from the Board to Board Committees, the Group Managing Director, members of Senior Management and heads of operating units;
- Procedures for identifying business risks and controlling their impact on the Group;
- Group's policies for preventing or detecting fraud;
- Ensuring compliance with relevant regulatory and legal requirements;
- Reviewing the effectiveness of the work performed by the internal audit function and the external auditors; and
- Reviewing cases of employee conflict of interest, misconduct or fraud, or any other unethical activity by employees or the Group.

The internal audit function of the Group is outsourced to Ernst & Young (EY), except at Grays, which has its own in-house internal auditor, and Terrarock, which has retained the services of UHY & Co. The internal auditors have a direct reporting line to the Audit and Risk Committees and maintain an open and constructive communication channel with the executive management team. They also have direct access to the chairpersons of the Committees and the Board. This reporting structure allows the internal auditors to remain independent and to report all items of significance to the Board and the Audit and Risk Committees.

A risk-based methodology is applied, through which the internal auditors first establish a preliminary understanding of the business, operations and key risks through discussion with Terra's Audit and Risk Committee, Directors and management, and review of the risk register to identify high risk areas. A three-year plan is then established which is thereafter rolled out and internal audit visits are conducted at the business units. Internal audit reports are communicated and discussed at the Audit and Risk Committees. Follow-up visits are conducted where significant high-risk issues have been reported in prior internal audit reports.

During 2019, EY performed four internal audit visits, which were in line with the audit plan approved by the Audit and Risk Committee. UHY & Co performed three visits at Terrarock Ltd, while Grays' internal auditor realised four new assignments and submitted three investigative and two follow-up reports. Findings and observations made were discussed with management of the respective business units, action plans to address internal control gaps were agreed with management, incorporated in the internal audit reports and reported to the Audit and Risk Committees.

RISK-MANAGEMENT FRAMEWORK

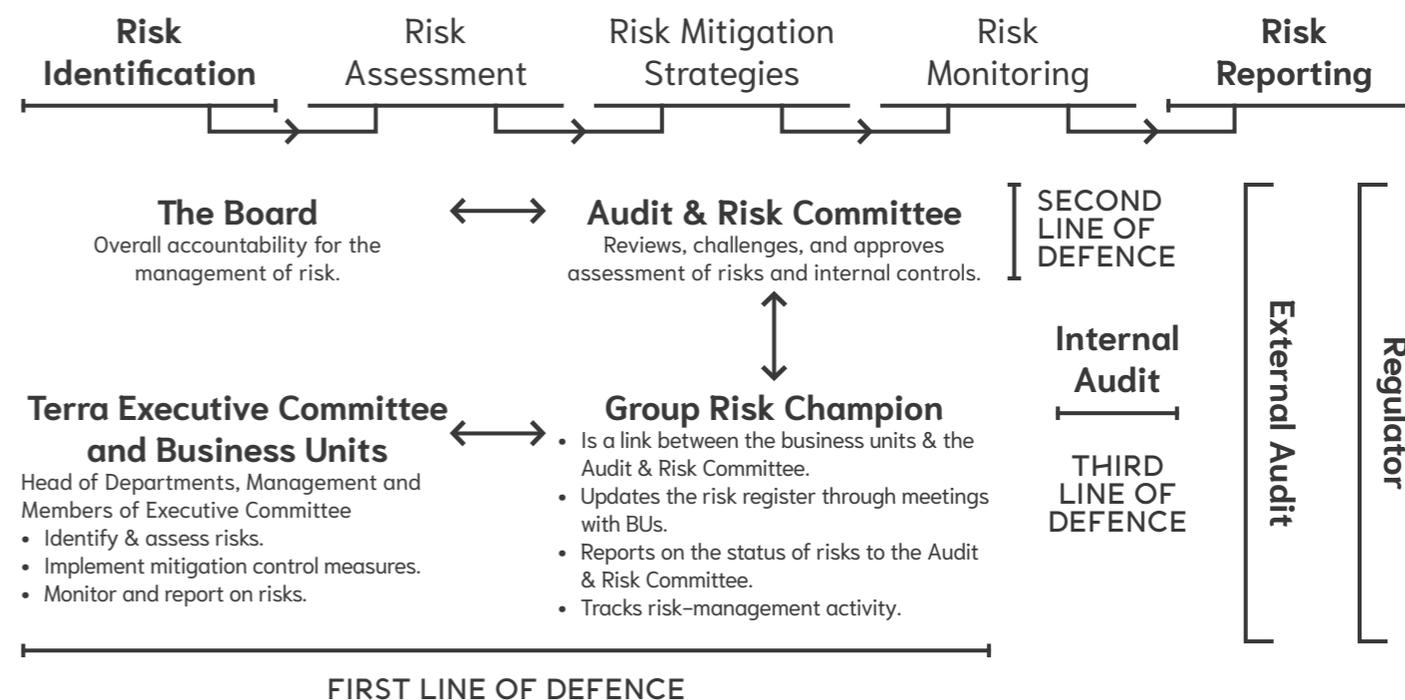
The Board, advised by the Audit and Risk Committee where appropriate, reviews the significant risks when taking decisions that could have a material impact on Terra. The role and responsibilities of the Audit and Risk Committee regarding risk management include carrying out a robust assessment of the main risks facing Terra, including those that would threaten its business models, future performance, solvency and liquidity. The Committee has also the task of reviewing the Group's capability to identify and manage new types of risk, and keeping under review the effectiveness of internal controls and risk management. It also evaluates the level of risk that Terra is prepared to take in pursuit of the business strategy.

In 2019, the Board, through the Audit and Risk Committee, reviewed the assessment of risks, internal controls and procedures in operation within Terra. Each business unit has its risk register for reporting and monitoring of risks. The registers were reviewed and risk appetite statements were defined at Group level and for the business units.

INTERNAL CONTROLS AND RISK MANAGEMENT (CONT'D)

RISK MANAGEMENT - ACCOUNTABILITY AND RESPONSIBILITY

Terra applies the three-lines-of-defence approach, with the aim of bringing about a greater understanding of the roles and responsibilities throughout the various risk-management and control functions. This also assists executive management, the Audit and Risk Committee, and ultimately the Board to have confidence that the control framework within the organisation is operating efficiently and effectively. Terra has adopted the principles of Enterprise Risk Management (ERM) to ensure an effective risk management system and value creation. Our risk management practice is not intended to impede business but is a useful tool to help management link strategy-setting process and performance. Our risk management approach comprises of risk identification based on the business objectives while risk mitigation strategies are devised to ensure achievement of goals. We are continually reinforcing our risk management practices so that we move up the maturity curve for achieving a robust ERM system.



Our risk reporting process involves risk classification into four main categories that take into account the external and internal environment of all the business units. It also includes environmental, social and governance related risks.

- Strategic – strategic risks are risks that arise from failure to achieve business strategy and objectives.
- Financial – financial risks include areas such as financial sustainability, financial resources, market, foreign exchange, liquidity and credit risk.
- Operational – Operational risks are risks related to internal practices, processes and systems that are adequate to achieve its strategic plan. They include human capital, environment, stakeholder relations, technology, information system, data and cyber security, health and safety.
- Legal and regulatory compliance.

Some 35 main risks were identified and validated by management for the Group, together with their mitigating measures and controls. It is to be noted that those risks cannot be completely eliminated and that controls and mitigating measures cannot provide absolute protection against factors such as unexpected events, errors or fraud.

Margaret Wong Ping Lun

Margaret Wong Ping Lun
Chairperson of the Audit and Risk Committee
29 July 2020

SHARE ANALYSIS

and Stock Exchange Performance

DISTRIBUTION OF SHAREHOLDERS OF TERRA MAURICIA LTD AT 31 DECEMBER 2019

RANGE OF SHAREHOLDING

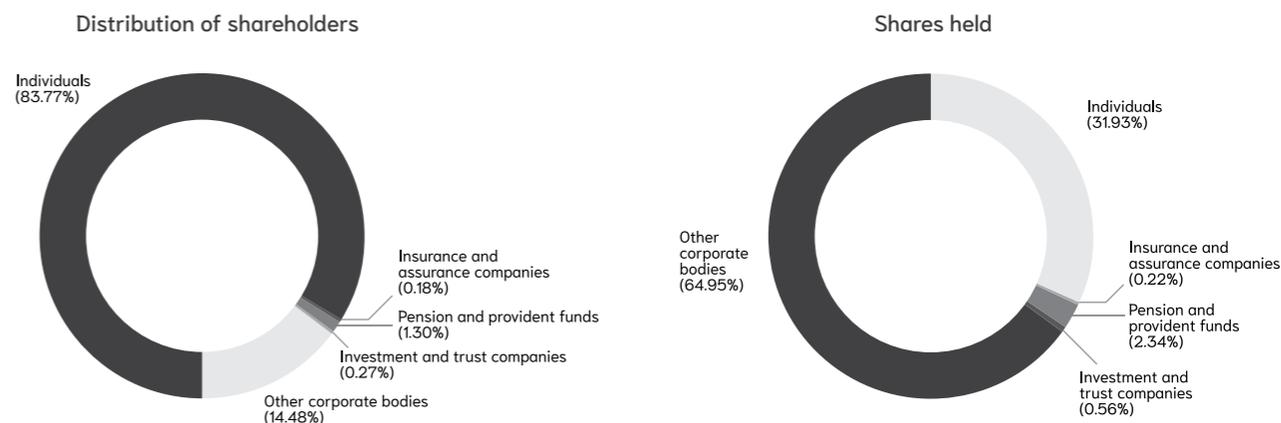
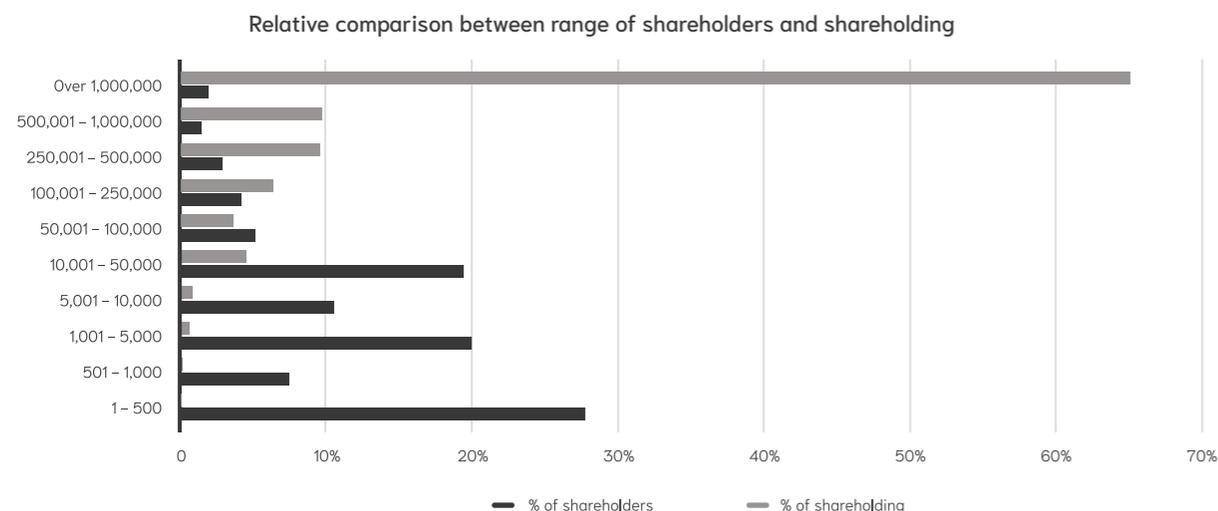
Range of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	616	27.70%	100,438	0.04%
501 – 1,000	165	7.42%	145,389	0.06%
1,001 – 5,000	442	19.87%	1,199,352	0.53%
5,001 – 10,000	233	10.48%	1,695,267	0.75%
10,001 – 50,000	430	19.33%	10,069,395	4.43%
50,001 – 100,000	112	5.04%	8,189,939	3.60%
100,001 – 250,000	91	4.09%	14,330,401	6.30%
250,001 – 500,000	62	2.79%	21,717,128	9.54%
500,001 – 1,000,000	31	1.39%	22,009,152	9.67%
Over 1,000,000	42	1.89%	148,089,163	65.08%
Total	2,224	100%	227,545,624	100%

SHARE ANALYSIS AND STOCK EXCHANGE PERFORMANCE (CONT'D)

SHAREHOLDER SPREAD

To the best knowledge of the Directors, the spread of shareholders at 31 December 2019 was as follows:

Range of Shareholders	SHAREHOLDERS		SHARES HELD	
	No.	%	No.	%
Individuals	1,863	83.77	72,667,633	31.93
Insurance and assurance companies	4	0.18	494,858	0.22
Pension and provident funds	29	1.30	5,319,336	2.34
Investment and trust companies	6	0.27	1,266,857	0.56
Other corporate bodies	322	14.48	147,796,940	64.95
Total	2,224	100%	227,545,624	100%



NO. OF SHAREHOLDERS

Year	No. of Shareholders as at 31 December
2015	1,947
2016	2,003
2017	2,105
2018	2,222
2019	2,224

The number of shareholders of Terra was 2,220 as at 30 June 2020.

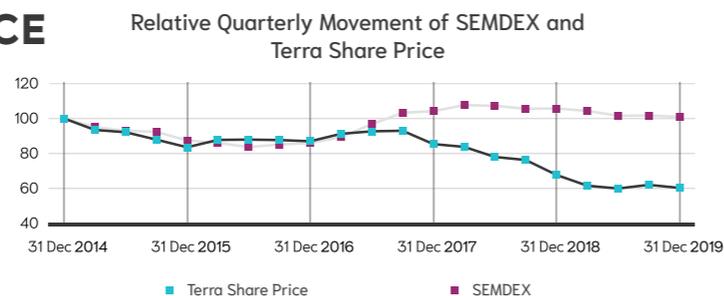


SHARE ANALYSIS

and Stock Exchange Performance (cont'd)

STOCK EXCHANGE PERFORMANCE

Terra witnessed a fall of 9.1% (2018: -21.3%) in its share price to close at MUR 20.00 at the end of December 2019 and the price swung between MUR 19.50 and MUR 23.20 during the year under review. The total volume traded for the stock stood at 8.2 million shares while the total value traded amounted to MUR 168.9 million (Volume Weighted Average Price: Rs 20.67). Foreigners were net sellers to the tune of MUR 4.4 million.



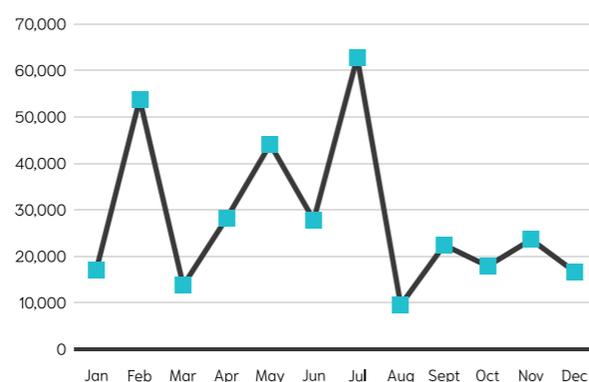
SEMDEX (Points)	2015	2016	2017	2018	2019
Year End Closing	1,811.07	1,808.37	2,202.14	2,220.76	2,177.09
Share price (MUR)					
Year End Closing Price	28.50	30.00	27.95	22.00	20.00
High	33.50	32.05	33.80	29.40	23.20
Low	28.00	28.50	27.95	21.05	19.50

The Terra share price was MUR 20.00 on 28 July 2020.

Yields	2015	2016	2017	2018	2019
Earnings Yield %	9.19	3.20	1.36	2.41	5.8
Dividend Yield %	2.98	2.83	3.04	3.86	4.25
Price earnings ratio	10.88	31.25	73.55	41.51	17.24

AVERAGE VOLUME TRADED MONTHLY ON THE STOCK EXCHANGE IN 2019

Jan	Feb	Mar
16,995	53,841	13,737
Apr	May	Jun
28,240	44,153	27,819
July	Aug	Sept
62,798	9,532	22,431
Oct	Nov	Dec
17,896	23,608	16,673



SHARE ANALYSIS AND STOCK EXCHANGE PERFORMANCE (CONT'D)

MARKET CAPITALISATION

Year	MUR'M	EUR*	USD*
2015	6,845.05	165.87	185.87
2016	6,826.37	165.42	185.36
2017	6,359.90	154.11	172.69
2018	5,006.00	121.30	135.93
2019	4,550.91	114.47	130.72

*: The exchange rates used are those for the year 2019 as displayed below.

The market capitalisation of Terra on 28 July 2020 was MUR 4,550.91 million.



MAIN EXCHANGE RATES TO THE RUPEE

CONSOLIDATED INDICATIVE SELLING RATES (SOURCE: BANK OF MAURITIUS ON [HTTP://BOM.INTNET.MU](http://BOM.INTNET.MU))

Currency	31 December 2018	31 December 2019
Euro	39.7559	41.2681
US Dollar	34.8143	36.8279
GB Pound	44.1036	48.2965
SA Rand	2.4463	2.6570

SHAREHOLDERS' CALENDAR AND RELATIONS

Event	Period
Financial year-end	31 December
Publication of yearly group abridged financial statements (audited)	Late March
Group audited annual financial statements available	Late March
Quarterly financial report - Q1 (unaudited)	Mid May
Annual report issued	Mid June
Annual meeting of shareholders	Late June
Quarterly financial report - Q2 (unaudited)	Mid August
Quarterly financial report - Q3 (unaudited)	Mid November
Dividend - Declaration	Late November
- Payment	Late December

This calendar has been disturbed this year by the consequences of the Covid-19 pandemic.

Website: www.terra.co.mu

For more details on shareholders' relations and communication please refer to page 83.

SECRETARY'S CERTIFICATE

(pursuant to Section 166(d) of the Companies Act 2001)

We certify that, to the best of our knowledge and belief, Terra Mauricia Ltd has filed with the Registrar of Companies all such returns as are required under the Companies Act 2001.

Terra Services Ltd
Secretary
29 July 2020

STATEMENT OF COMPLIANCE

(pursuant to Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity: TERRA Mauricia Ltd (The Company)

Reporting period: 01 January to 31 December 2019

We, the Directors of TERRA Mauricia Ltd, confirm that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the Code of Corporate Governance.

Alain Rey
Chairman
29 July 2020

Nicolas Maigrot
Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of consolidate and separate Financial Statements

Directors acknowledge their responsibilities for:

- i. Adequate accounting records and maintenance of effective internal control systems;
- ii. The preparation of consolidate and separate financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS), The Companies Act and Financial Reporting Act; and
- iii. The selection of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are meaningful direct and indirect effects developing with companies across multiple industries and the world. The Group and the Company will continue to monitor the impact COVID-19 has on them and reflect the consequences as appropriate in their accounting and reporting. 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 is not limited to, twelve months from the end of the reporting period and from the date of signature of these consolidated and separate financial statements and have no reason to believe that the businesses will not be going concerns in the year ahead.

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The report of the external auditors on the financial statements is on pages 96 to 104.

The Directors report that:

- i. Adequate accounting records and an effective system of internal controls and risk management have been maintained;
- ii. Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- iii. IFRS, the Companies Act and the Financial reporting Act have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified;
- iv. The Code of Corporate Governance has been adhered to. Reasons have been provided where there has been non-compliance; and
- v. The full Annual Report is published on the Company's website.

Signed on behalf of the Board of Directors by

Alain Rey
Chairman
29 July 2020

Nicolas Maigrot
Managing Director

STATUTORY DISCLOSURES

(pursuant to Section 221 of the Companies Act 2001 and the Securities Act 2005)

DIRECTORS

NAMES

The names of the Directors of Terra Mauricia Ltd at 31 December 2019 are given on pages 66 and 67 of this report. In addition, a list of Directors of subsidiary companies at the same date appears on page 246.

SERVICE CONTRACTS

Three executive Directors, namely Messrs Nicolas Maigrot, Alexis Harel and Henri Harel have at present service contracts without expiry dates with group companies. Other than for the above-mentioned Executive Directors, none of the Directors proposed for election or re-election at the forthcoming Annual Meeting of shareholders have service contracts with the Company or the Group.

REMUNERATION & BENEFITS

	THE COMPANY		SUBSIDIARIES	
	2019 (MUR'M)	2018 (MUR'M)	2019 (MUR'M)	2018 (MUR'M)
Emoluments paid by the company and its subsidiaries to:				
Directors of Terra Mauricia Ltd:				
Executive				
Full-time	1.1	1.0	28.0	25.7
Part-time	0.8	0.6	8.6	8.7
Non-executive	6.2	6.0	0.7	0.6
	8.1	7.6	37.3	35.0
Directors of subsidiary companies (other than those of Terra Mauricia Ltd):				
			2019 (MUR'M)	2018 (MUR'M)
10 Executive (13 in 2018)			60.2	61.3
19 Non-executive (19 in 2018)			0.6	0.6
			60.8	61.9

CONTRACTS OF SIGNIFICANCE

During the year under review, there were no contracts of significance to which Terra Mauricia Ltd, or one of its subsidiaries, was a party and in which a Director of Terra Mauricia Ltd was personally and materially interested, either directly or indirectly.

STATUTORY DISCLOSURES (CONT'D)

AUDITORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2019 (MUR'M)	2018 (MUR'M)	2019 (MUR'M)	2018 (MUR'M)
Audit fees paid to:				
BDO & Co	-	3.5	-	0.8
KPMG	5.6	-	1.5	-

KPMG received fees of MUR 0.5 million in relation to tax compliance work during the year.

DONATIONS

	THE GROUP	
	2019 (MUR'M)	2018 (MUR'M)
Contributions towards Corporate Social Responsibility	7.9	8.4
Amount distributed by Terra Foundation <i>Number of projects funded: 34 (2018: 33)</i>	2.4	2.7
Other donations	0.5	-
Political	4.0	-

SENIOR OFFICERS' INTERESTS

The Group's senior officers' interests in the Company as declared under the Securities Act 2005 as at 31 December 2019 were as follows:

Senior officers of the company	ORDINARY SHARES							
	DIRECT				INDIRECT			
	Beneficial	%	Non-Beneficial	%	Beneficial	%	Non-Beneficial	%
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	64,483	0.03%	-	-
Henri Harel	413,666	0.18%	-	-	436,310	0.19%	4,541,285	2.00%
Alain Vallet	288,190	0.13%	-	-	227,143	0.10%	-	-
Jean Marc Jauffret	2,000	0.00%	-	-	-	-	-	-
Sébastien Mamet	300	0.00%	-	-	-	-	-	-
Bernard Desvaux de Marigny	1,925	0.00%	-	-	-	-	-	-
Christopher Park	3,000	0.00%	-	-	-	-	-	-
Other insiders								
Olivier Prod'hon	800	0.00%	-	-	-	-	-	-
Anna Mallac-Sim	-	-	-	-	1,500,087	0.66%	2,064,007	0.90%
Patrick Raffray	133	0.00%	-	-	-	-	-	-
Total	710,147	0.31%	-	-	2,228,289	0.98%	6,605,292	2.90%
Total issued shares	227,545,624							

The above-mentioned senior officers have not declared any interest in the subsidiaries.



FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion

We have audited the consolidated and separate financial statements of TERRA Mauricia Ltd (the Group and the Company), which comprise the consolidated and separate statements of financial position at December 31, 2019 and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the 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 114 to 243.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of TERRA Mauricia Ltd at December 31, 2019 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.

Basis for Qualified Opinion

Consolidated financial statements

As disclosed in note 9 – Investment in Associates and note 39 – Associates, the Group has an associate, Sucrivoire S.A. (“the Associate”), whose operations are in Côte d’Ivoire. The Associate is accounted for using the equity method. For the year ended December 31, 2019, the share of the net assets of the Associate was MUR 560,554,484 (representing 19.2% of total Investment in Associates and 2.7% of Total Assets), and the share of loss from associate was MUR 129,002,325.

We were unable to obtain sufficient audit evidence regarding the financial information of the Associate as we did not receive group reporting from the component auditors within the timeframe for group reporting and it was impracticable to perform alternative audit procedures as the required financial information and underlying supporting documentation was not made available to us.

Additionally, we were unable to obtain sufficient audit evidence on the opening balances of the share of net assets of the Associate, for the same reasons set out above.

Separate financial statements

In the separate financial statements, investment in subsidiaries and associates are carried at fair value. As disclosed in note 8 – Investment in subsidiaries and note 38 – Subsidiaries, the investment in Ivoirel Limitée (a subsidiary having Sucrivoire S.A. as an associate), has a carrying value of MUR 581,513,522 (representing 4.5% of total Investment in Subsidiaries and 4.0% of total assets) recorded at fair value in the statement of financial position with a decrease in fair value of the investment of MUR 142,326,587 recorded in the statement of other comprehensive income.

The investment in Ivoirel Limitée has been classified as a level 3 investment in the fair value hierarchy, as management has used discounted cash flow techniques to arrive at the fair value of Ivoirel Limitée, which is based on unobservable inputs which include discount rates, management’s cash flow forecasts and growth rates. Although the Company has prepared a discounted cash flow, we were unable to obtain sufficient and appropriate audit evidence over the reasonableness of the unobservable inputs in the discounted cash flow models used to determine the fair value. It was also impracticable to perform alternative audit procedures over the fair value as the required information was not made available to us.

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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of 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.

Valuation of investments in subsidiaries, associates and financial assets at fair value through other comprehensive income – Level 3 investments (applicable to the separate financial statements)

Refer to the significant accounting policies note 2.5, 2.6, 2.7 (b)(i), 2.23 and note 4.1(a)/(d), 8, 9, 10, 12, 38 and 39 to the financial statements.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>The accounting policy of the Company is to fair value its investments in subsidiaries, associates and financial assets at fair value through other comprehensive income.</p> <p>At December 31, 2019, the Company had the following investments measured at fair value through other comprehensive income, categorised as Level 3 under the fair value hierarchy:</p> <ul style="list-style-type: none"> – investments in subsidiaries MUR'M 12,102 – investments in associates MUR'M 123 – financial assets at fair value through other comprehensive income MUR'M 253 M <p>The valuation of the investments held at fair value are based on different valuation methods, including:</p> <ul style="list-style-type: none"> – discounted cash flows (DCF) method, – EBITDA multiple method, and – Net Assets Value (NAV) where underlying assets are fair valued. <p>For DCF, the key unobservable inputs are discount rates and growth rates. For EBITDA multiple method, the key input is EBITDA multiple and discount based on comparable entities and normalised earnings.</p> <p>Due to the significant level of judgement and estimation exercised in the valuation of investment in subsidiaries, associates and financial assets at fair value through other comprehensive income, we determined this to be a key audit matter in our audit of the separate financial statements.</p>	<p>Our audit procedures in respect of this key audit matter included:</p> <ul style="list-style-type: none"> – Understanding how management determines the fair value of the investments and evaluating the design and implementation of the controls over the valuation process. – Evaluating the key unobservable inputs for DCF such as discount rates and growth rates by benchmarking the parameters used against available market data and company metrics. – Evaluating the EBITDA multiple applied to the normalised earnings and discount by benchmarking it against available market data. – Assessing the normalised earnings for reasonability by comparing it to company earnings for the last 3 years and ensuring any “one-off” or “exceptional” items are excluded. – Evaluating the valuation methodology and assumptions used in the forecast with the assistance of our corporate finance specialists by assessing the reasonableness of the forecasts and benchmarking the assumptions used against available market data. – Assessing the mathematical accuracy of the underlying calculations used in the valuation models. – Assessing the reliability of management’s forecasts and growth rates used by comparing prior year forecasts against actual performance in the current year. – Evaluating the reasonableness of the key inputs used in the valuation models by comparing the inputs used by management to available internal sources and ranges available from external sources. – Evaluating the adequacy of the financial statement disclosures in accordance with IFRS 13 <i>Fair Value Measurement</i> (IFRS 13) and IFRS 9 <i>Financial Instruments</i> (IFRS 9).

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Key Audit Matters (continued)

Valuation of land and buildings (applicable to the consolidated financial statements)	
Refer to the significant accounting policies note 2.2 and note 4.1(a) and 5 to the financial statements	
THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>The Group owns land (MUR'M 8,508) and buildings (MUR'M 909), included under property, plant and equipment, with a combined carrying value of MUR'M 9,417 as at 31 December 2019, which represent 46% of the total assets of the Group.</p> <p>Land and buildings which consist mainly of agricultural land are carried at fair value under the revaluation model in terms of IAS 16 <i>Property, plant and equipment</i> (IAS 16). The fair value of land and buildings is determined by an independent external valuer.</p> <p>The determination of the fair value of land and buildings involves judgements and estimates that materially affect the carrying amounts of the revalued assets. The key inputs in determine the fair value include the price/hectare for land and price/square meters for buildings and bulk discount rate.</p> <p>Due to the significance of land and buildings in the Group's financial statements and significant judgements involved in arriving at their fair values, we considered this to be a key audit matter</p>	<p>Our audit procedures in respect of this key audit matter included:</p> <ul style="list-style-type: none"> - Evaluating the design and implementation of the relevant controls relating to the valuation of land and buildings. - Assessing the competence, independence and integrity of the third-party valuer by looking at the professional qualifications and performing the relevant background searches. - Assessing the appropriateness of the valuation methods used by the external valuer in determining the fair values of land and buildings at December 31, 2019. - Engaging with the external valuer and assessing the reasonableness of key inputs and assumptions used in the fair value determination through: <ul style="list-style-type: none"> - corroborating the price/square meter used in the valuation against recent sales transactions and; - challenging the underlying assumptions used in arriving at the bulk discount rate (i.e. growth rate in prices of land, time scale relating to disposal of agricultural land and discount rate) by discussing with the external valuer and comparing them to industry norms. - Involving our own valuation specialists to challenge and corroborate the unobservable inputs (price/hectare for land and price/square meters for buildings and discount rate). - Evaluating the adequacy of the financial statement disclosures in accordance with IFRS 13 <i>Fair Value Measurement</i> and IAS 16 <i>Property, Plant and Equipment</i>.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Key Audit Matters (continued)

Impairment of cash generating units (CGU's) and non-financial assets (bearer plants and land conversion rights) (applicable to the consolidated financial statements)	
Refer to the significant accounting policies note 2.17 and note 4.1(c), 5, 7 and 30 to the financial statements.	
THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>The uncertain and challenging market conditions faced by the sugar industry have negatively impacted the local operators. The growing and milling operations of the Group were not spared with sustained losses over the past two financial years.</p> <p>In terms of IAS 36 <i>Impairment of Assets</i> (IAS 36) an impairment assessment should be undertaken where internal and external factors indicate a potential impairment.</p> <p>At December 31, 2019, indicators of impairment have been identified for the following:</p> <p><i>Cash generating units (CGU's)</i></p> <ul style="list-style-type: none"> - Milling operations (Terra Milling Ltd) - Growing operations (Agricultural cluster of Terragri Ltd) <p><i>Non-financial assets</i></p> <ul style="list-style-type: none"> - Bearer plants - Land conversion rights (LCR's) <p>The impairment assessment requires comparison of the recoverable amount of the non-financial assets with their carrying amounts.</p> <p>The recoverable amount is the higher of the value in use and fair value less costs to sell. The determination of the recoverable amounts involves a high level of judgement and estimates, particularly when Discount Cash Flow valuations are applied in estimating the recoverable amount.</p>	<p>Our audit procedures in respect of this key audit matter included:</p> <ul style="list-style-type: none"> - Evaluating the design and implementation of the relevant controls relating to the impairment assessment of CGUs and non-financial assets. - Evaluating management's impairment assessment to determine whether indicators of impairment exist based on our knowledge of the Group and current market information. - Evaluating the adequacy of the financial statement disclosures in accordance with the requirements of IFRS 13 <i>Fair Value Measurement</i> and IAS 36 <i>Impairment of Assets</i>.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Key Audit Matters (continued)

Impairment of cash generating units (CGU's) and non-financial assets (bearer plants and land conversion rights) (applicable to the consolidated financial statements)

Refer to the significant accounting policies note 2.17 and note 4.1(c), 5, 7 and 30 to the financial statements.

THE KEY AUDIT MATTER

An impairment is recognised should the recoverable amount of the asset or CGU be less than its carrying amount.

The impairment loss is recognised in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease in other comprehensive income.

Impairment losses arising on CGUs and non-financial assets totaling MUR'M 551 have been disclosed in Note 30 to the financial statements.

Due to the significant level of judgement and level of estimation exercised by management in the impairment assessment process, we considered this to be a key audit matter.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

Milling operations (Terra Milling Ltd) and bearer plants

- Inspecting management's cash flow forecasts and evaluating the appropriateness of the key assumptions used (price of raw/special sugar, discount rates and growth rates) in order to evaluate the reasonableness of forecasts where Discounted Cash Flow valuations have been applied to calculate the recoverable amount. This involved:
 - benchmarking assumptions with available market data by engaging corporate finance specialists; and
 - engaging in discussions with the Mauritius Sugar Syndicate to arrive at an independent estimate of the sugar prices taking into consideration the macro-economic climate relating to the sugar prices worldwide.

Growing operations (Terragri Ltd) and LCRs

- Assessing the recoverable amount of the agricultural cluster within Terragri Ltd and Land Conversion Rights with reference to the fair value of the land determined by the external valuer under the 'fair value less costs to sell' approach as per IAS 36 *Impairment of Assets*. The procedures in respect of evaluating the fair value are listed in the Key Audit Matter in respect of the Valuation of land and buildings above.
- Evaluating the competence and independence of the external valuer and the appropriateness of the valuation methodology used.
- Assessing the expected costs to be incurred in realising the assets with reference to the benchmark transaction costs associated with selling such a class of assets.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Key Audit Matters (continued)

Prior Year Adjustments (applicable to the consolidated and separate financial statements)

Refer to note 47 to the financial statements.

THE KEY AUDIT MATTER

Following our appointment as auditors of the group and company for the year ended December 31, 2019, we were required to perform audit procedures on the opening balances of the statement of financial position and on the consistent application of the accounting policies.

A number of prior period errors were identified requiring restatement of certain elements of the consolidated and separate financial statements.

This required significant audit effort, including the time of senior members of our audit team, in assessing the impact of these restatements and is therefore considered a key audit matter.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

Our audit procedures in respect of this key audit matter included:

- Comparing the prior year's closing balances to the current year's opening balances (or restated opening balances where applicable) in the consolidated and separate financial statements.
- Reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances and to assess whether the opening balances reflect the application of appropriate accounting policies.

With the assistance of our technical accounting specialists:

- Evaluating the correct accounting treatment of the prior period errors identified based on our understanding of the transactions and audit evidence obtained.
- Evaluating the adequacy of the financial statement disclosures in accordance with the requirements of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Other Matter relating to comparative information

The consolidated and the separate financial statements of TERRA Mauricia Ltd as at and for the years ended December 31, 2018 and December 31, 2017 (from which the statement of financial position as at the beginning of the preceding period, January 1, 2018 has been derived), excluding the adjustments described in Note 47 to the consolidated and separate financial statements, were audited by another firm of auditors who expressed an unmodified opinion on those statements on March 28, 2019.

As part of our audit of the consolidated and separate financial statements as at and for the year ended December 31, 2019, we audited the adjustments described in Note 47 that were applied to restate the comparative information presented as at and for the year ended December 31, 2018 and the statement of financial position as at January 1, 2018. We were not engaged to audit, review, or apply any procedures to the consolidated and separate financial statements for the years ended December 31, 2018 or December 31, 2017 (not presented herein) or to the consolidated and separate statement of financial position as at the beginning of the preceding period January 1, 2018, other than with respect to the adjustments described in Note 47 to the consolidated and separate financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 47 are appropriate and have been properly applied.

This report is made solely to the Company's members, 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 members, 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Other Information

The directors are responsible for the other information. The other information comprises all of the information contained in the Annual Report. We obtained the Corporate Governance Report, Statement of Compliance, Secretary's Certificate, Statement of Directors' Responsibilities in respect of Financial Statements and Statutory Disclosures prior to the date of this report, and the other information included in the Annual Report is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or 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, on the other information that we obtained prior to the date of this auditors' report, 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 the 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, and for such internal control as the directors determine is necessary to enable the preparation of the 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 the 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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's 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.

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 auditor's 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF TERRA MAURICIA LTD

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Group and the Company other than in our capacity as auditors, 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 (the "Code") 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 Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.



KPMG
Ebène, Mauritius



Désiré LAN CHEONG WAH, FCA
Licensed by FRC

Date: 29 July 2020



CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

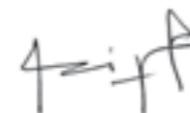
	Notes	THE GROUP			THE COMPANY		
		At December 31, 2019	Restated At December 31, 2018	Restated At January 01, 2018	At December 31, 2019	Restated At December 31, 2018	Restated At January 01, 2018
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
ASSETS							
Non-current assets							
Property, plant and equipment	5	11,559.4	10,559.1	10,226.3	-	-	
Right-of-use assets	5A	42.9	-	-	-	-	
Investment properties	6	1,025.6	780.6	462.1	-	-	
Intangible assets and goodwill	7	218.6	333.3	407.8	-	-	
Investments in subsidiaries	8	-	-	-	13,072.3	13,344.6	
Investments in associates	9	2,923.2	3,320.9	3,383.1	226.7	1,095.0	
Financial assets at fair value through other comprehensive income	10	502.8	465.5	328.2	517.8	480.6	
Other financial assets at amortised cost	11	15.6	82.8	123.0	9.1	8.0	
Bearer biological assets	13	-	7.4	7.4	-	-	
Finance lease receivables	5B	42.4	44.6	-	-	-	
Deferred tax assets	15	193.5	181.7	146.0	-	-	
Lease prepayments	5C	-	5.8	5.8	-	-	
		16,524.0	15,781.7	15,089.7	13,825.9	14,928.2	
Current assets							
Inventories	16	1,082.1	1,033.4	960.4	-	-	
Consumable biological assets	17	137.2	52.9	98.8	-	-	
Trade and other receivables	18	1,719.7	1,188.1	1,598.0	221.0	118	
Other financial assets at amortised cost	11	30.0	81.9	-	-	-	
Finance lease receivables	5B	2.1	123.8	-	-	-	
Current tax assets	27	-	-	-	0.4	0.2	
Cash in hand and at bank	36(b)	491.5	387.6	174.8	12.2	49.4	
		3,462.6	2,867.7	2,832.0	233.6	61.4	
Non-current assets classified as held for sale	19	580.7	-	-	580.7	-	
Total assets		20,567.3	18,649.4	17,921.7	14,640.2	14,989.6	

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 96 to 104.

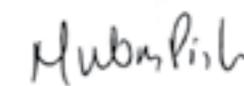
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Notes	THE GROUP			THE COMPANY		
		At December 31, 2019	Restated At December 31, 2018	Restated At January 01, 2018	At December 31, 2019	Restated At December 31, 2018	Restated At January 01, 2018
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	20	11,976.0	11,976.0	11,976.0	11,976.0	11,976.0	
Revaluation and other reserves	21	1,416.0	427.4	(118.4)	228.4	897.6	
Retained earnings		641.7	605.3	657.3	1,545.2	1,567.4	
Owners' interest of the Company		14,033.7	13,008.7	12,514.9	13,749.6	14,441.0	
Non-controlling interests		1,019.9	983.5	987.5	-	-	
Total equity		15,053.6	13,992.2	13,502.4	13,749.6	14,623.9	
Non-current liabilities							
Borrowings	22	176.9	243.4	353.0	-	-	
Lease liabilities	23	22.2	-	-	-	-	
Deferred tax liabilities	15	258.4	225.0	188.2	-	-	
Retirement benefit obligations	24	641.6	584.5	663.1	-	-	
		1,099.1	1,052.9	1,204.3	-	-	
Current liabilities							
Trade and other payables	25	903.6	1,034.3	777.7	30.3	21.3	
Contract liabilities	28(c)	69.7	25.9	-	-	-	
Current tax liabilities	27	37.3	28.3	20.6	-	0.7	
Provisions	26	26.0	54.1	71.2	-	-	
Borrowings	22	3,364.1	2,461.7	2,345.2	860.3	527.3	
Lease liabilities	23	13.9	-	-	-	-	
Derivative financial instruments		-	-	0.3	-	-	
		4,414.6	3,604.3	3,215.0	890.6	548.6	
Total liabilities		5,513.7	4,657.2	4,419.3	890.6	548.6	
Total equity and liabilities		20,567.3	18,649.4	17,921.7	14,640.2	14,989.6	

These financial statements have been approved and authorised for issue by the Board of Directors on July 29, 2020



Nicolas Maigrot
Managing Director



Margaret Wong Ping Lun
Director

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 96 to 104.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

YEAR ENDED DECEMBER 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	Restated 2018	2019	2018
		MUR'M	MUR'M	MUR'M	MUR'M
Revenue	28	5,047.3	5,185.4	234.3	244.1
Cost of sales	32	(3,843.5)	(4,096.2)	-	-
Gross profit		1,203.8	1,089.2	234.3	244.1
Gains/(losses) arising from changes in fair value of consumable biological assets	17	84.3	(45.9)	-	-
Fair value gain on non-current assets classified as held for sale	19	77.1	-	-	-
Other income	29	396.6	453.4	4.0	0.2
Impairment loss on trade receivables	30	(43.4)	-	-	-
Impairment of non-financial assets	30	(122.6)	-	-	-
Administrative expenses	32	(665.6)	(706.7)	(22.9)	(15.9)
Distribution costs	32	(142.3)	(154.5)	-	-
Other expenses	32	(272.9)	(382.7)	-	-
Profit before finance costs	31	515.0	252.8	215.4	228.4
Finance income		4.8	24.9	-	-
Finance costs		(122.8)	(107.9)	(36.2)	(31.7)
Net finance costs	33	(118.0)	(83.0)	(36.2)	(31.7)
Profit after finance costs		397.0	169.8	179.2	196.7
Share of results of associates	9	170.9	254.0	-	-
Impairment of associates	9	(120.1)	(66.0)	-	-
Profit before taxation		447.8	357.8	179.2	196.7
Taxation charge	27	(67.1)	(38.2)	(0.5)	0.5
Profit for the year		380.7	319.6	178.7	197.2
Profit attributable to:					
Owners of the Company		262.8	197.3	178.7	197.2
Non-controlling interests		117.9	122.3	-	-
		380.7	319.6	178.7	197.2
Basic and diluted earnings per share (MUR):	34	1.16	0.87	0.79	0.87

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements. Auditors' report on pages 96 to 104.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	Restated 2018	2019	2018
		MUR'M	MUR'M	MUR'M	MUR'M
Profit for the year		380.7	319.6	178.7	197.2
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation adjustments of land and buildings, net of impairment		1,169.3	552.2	-	-
Deferred tax on revaluation of buildings	15	(36.3)	(7.4)	-	-
Remeasurements of post employment benefit obligations	24	(91.1)	82.6	-	-
Deferred tax on remeasurements of post employment benefit obligations	15	15.5	(13.5)	-	-
Changes in fair value of equity instruments at fair value through other comprehensive income		(118.5)	32.0	(678.7)	(186.7)
Gain on disposal of financial assets at fair value through other comprehensive income		2.0	-	2.0	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates	9(a)(ii)	36.4	(175.9)	-	-
Translation reserve movement		40.2	9.3	-	-
Other comprehensive income for the year		1,017.5	479.3	(676.7)	(186.7)
Total comprehensive income for the year		1,398.2	798.9	(498.0)	10.5
Total comprehensive income attributable to:					
Owners of the Company		1,244.1	667.6	(498.0)	10.5
Non-controlling interests		154.1	131.3	-	-
		1,398.2	798.9	(498.0)	10.5

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements. Auditors' report on pages 96 to 104.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2019

THE GROUP	Notes	Attributable to owners of the parent					Total Equity
		Share Capital	Revaluation and Other Reserves	Retained Earnings	Total	Non- Controlling Interests	
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	
At January 1, 2019							
- As previously reported		11,976.0	1,000.2	798.4	13,774.6	1,052.5	14,827.1
- Effect of prior year adjustments	47	-	(572.8)	(193.1)	(765.9)	(69.0)	(834.9)
- As restated		11,976.0	427.4	605.3	13,008.7	983.5	13,992.2
Profit for the year		-	-	262.8	262.8	117.9	380.7
Other comprehensive income for the year		-	981.3	-	981.3	36.2	1,017.5
Transfer of accumulated fair value losses upon disposal of equity investments at fair value through other comprehensive income		-	7.5	(7.5)	-	-	-
Release on disposal of land		-	(2.3)	2.3	-	-	-
Other movements		-	2.1	(27.8)	(25.7)	(2.4)	(28.1)
Dividends	35	-	-	(193.4)	(193.4)	(115.3)	(308.7)
Balance at December 31, 2019		11,976.0	1,416.0	641.7	14,033.7	1,019.9	15,053.6
At January 1, 2018							
- As previously reported		11,976.0	351.9	903.3	13,231.2	1,062.3	14,293.5
- Effect of prior year adjustments	47	-	(470.3)	(246.0)	(716.3)	(74.8)	(791.1)
- As restated		11,976.0	(118.4)	657.3	12,514.9	987.5	13,502.4
Profit for the year—restated		-	-	197.3	197.3	122.3	319.6
Other comprehensive income for the year—restated		-	470.3	-	470.3	9.0	479.3
Deconsolidation of subsidiaries		-	-	(8.7)	(8.7)	(5.7)	(14.4)
Transfer to retained earnings		-	20.7	(20.7)	-	-	-
Movements in reserves		-	54.8	(26.5)	28.3	(12.3)	16.0
Dividends	35	-	-	(193.4)	(193.4)	(117.3)	(310.7)
Balance at December 31, 2018		11,976.0	427.4	605.3	13,008.7	983.5	13,992.2

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements. Auditors' report on pages 96 to 104.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (CONT'D)

YEAR ENDED DECEMBER 31, 2019

THE COMPANY	Notes	Share Capital	Amalgamation Reserves	Financial Assets at Fair value through OCI Reserve	Retained Earnings	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
		At January 1, 2019				
- As previously reported		11,976.0	(172.3)	940.9	1,696.4	14,441.0
- Effect of prior year adjustments	47	-	129.0	-	(129.0)	-
- As restated		11,976.0	(43.3)	940.9	1,567.4	14,441.0
Profit for the year		-	-	-	178.7	178.7
Other comprehensive income for the year		-	-	(676.7)	-	(676.7)
Transfer of accumulated fair value losses upon disposal of equity investments at fair value through other comprehensive income		-	-	7.5	(7.5)	-
Dividends	35	-	-	-	(193.4)	(193.4)
At December 31, 2019		11,976.0	(43.3)	271.7	1,545.2	13,749.6
At January 1, 2018						
- As previously reported		11,976.0	(172.3)	1,106.9	1,713.3	14,623.9
- Effect of prior year adjustments	47	-	129.0	-	(129.0)	-
- As restated		11,976.0	(43.3)	1,106.9	1,584.3	14,623.9
Profit for the year		-	-	-	197.2	197.2
Other comprehensive income for the year		-	-	(186.7)	-	(186.7)
Dividends	35	-	-	-	(193.4)	(193.4)
Transfer to retained earnings		-	-	20.7	(20.7)	-
At December 31, 2018		11,976.0	(43.3)	940.9	1,567.4	14,441.0

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements. Auditors' report on pages 96 to 104.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

Notes	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Operating activities				
Profit before taxation	447.8	357.8	179.2	196.7
Adjustments for :				
Depreciation of property, plant and equipment	5	341.3	347.8	-
Depreciation of right-of-use assets	5A	18.6	-	-
Profit on sale of property, plant and equipment	29	(231.8)	(245.8)	-
Profit on sale of investment in subsidiaries		-	(6.0)	5.7
Retirement benefit obligations	24	64.2	65.4	-
Amortisation of intangible assets	7	8.9	5.7	-
Depreciation of investment properties	6	8.4	4.4	-
Reversal of impairment on investment property	6	(8.1)	-	-
Investment income		(2.5)	(16.8)	(234.3)
Gain on bargain purchase	37	(0.8)	-	-
Interest expense	33	122.8	107.9	31.7
Exchange gains		-	(10.3)	-
Impairment of intangible assets	7(a)	98.3	-	-
Impairment of bearer plants	5(a)	32.4	-	-
Share of results of associates	9	(170.9)	(254.0)	-
Impairment of associates	9	120.1	66.0	-
Gain on fair value measurement	19	(77.1)	-	-
Changes in working capital:				
- inventories		(11.0)	(44.8)	-
- consumable biological assets	17	(84.3)	45.9	-
- trade and other receivables		(368.2)	452.3	(60.5)
- finance lease receivables		123.9	(168.4)	-
- contract liabilities		43.8	25.9	-
- provisions		(28.1)	(17.1)	-
- trade and other payables		(130.7)	256.5	9.0
		317.0	972.4	(70.4)
Interest paid		(119.6)	(107.9)	(36.2)
Benefits paid	24	(98.2)	(60.0)	-
Tax recovered	27	1.2	-	-
Tax paid	27	(55.6)	(54.0)	-
Dividend received		-	-	234.3
Net cash generated from operating activities		44.8	750.5	127.7
				313.3

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements. Auditors' report on pages 96 to 104.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

Notes	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
Investing activities				
Purchase of property, plant and equipment	(201.4)	(296.6)	-	-
Purchase of investment properties	(301.9)	(135.6)	-	-
Intangible assets acquired	7(a)	(10.1)	(6.8)	-
Replantation costs		(47.1)	(52.4)	-
Purchase of investment in				
- associates	9	-	(10.0)	-
- financial assets at fair value through other comprehensive income	10(i)	(173.3)	(74.8)	(173.3)
Proceeds on sale of property, plant and equipment		275.1	268.6	-
Proceeds on sale of investment properties		20.6	-	-
Proceeds on sale of investments		19.1	14.6	19.5
Deposits on investments		(163.4)	-	(161.4)
Redemption of preference shares		1.7	-	-
Loans recovered from related parties		53.6	-	10.7
Loans advanced to related parties		-	(41.7)	-
Dividends received from associate		75.2	84.2	-
Interest received		8.7	11.6	-
Investment income received		3.7	5.0	-
Net cash used in investing activities		(439.5)	(233.9)	(304.5)
				(85.4)
Financing activities				
Proceeds from borrowings		888.9	656.2	339.3
Loans repaid to related parties		(7.4)	-	-
Loans from related parties		-	10.5	-
Repayment of bank loans		(52.3)	(557.2)	-
Finance lease principal repayments		(2.1)	(10.5)	-
Principal paid on lease liabilities		(25.4)	-	-
Interest paid on lease liabilities		(3.2)	-	-
Dividends paid to shareholders of Terra Mauricia Ltd	35	(193.4)	(193.4)	(193.4)
Dividends paid to non-controlling interests	35	(115.3)	(117.3)	-
Net cash generated from/(used in) financing activities		489.8	(211.7)	145.9
				(192.7)
Increase/(decrease) in cash and cash equivalents		95.1	304.9	(30.9)
				35.2
Movement in cash and cash equivalents				
At January 1,		356.5	51.6	43.1
Increase/(decrease)		95.1	304.9	(30.9)
Effect of movements in exchange rates on cash held		-	-	-
At December 31,	36(b)	451.6	356.5	12.2
				43.1

The notes on pages 114 to 243 form an integral part of these consolidated and separate financial statements. Auditors' report on pages 96 to 104.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

1A. GENERAL INFORMATION

TERRA Mauricia Ltd (the "Company") is a public limited company incorporated and domiciled in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius Ltd since January 1, 2012. The address of its registered office is Beau Plan Business Park, Pamplémousses.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

Principal activities

TERRA Mauricia Ltd is an investment holding company. Details of subsidiaries' activities are disclosed in note 38.

1B. Basis of preparation

The financial statements of TERRA Mauricia Ltd comply with the Companies Act 2001 and Financial Reporting Act (FRA) and have been prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the Company and its subsidiary companies (collectively "The Group") and the separate financial statements of the Company.

The financial statements are presented in Mauritian Rupees (MUR) and all values are rounded to the nearest million (MUR'M) and one decimal place, except when otherwise indicated.

The financial statements are prepared under the historical cost convention except that:

- (i) Land and buildings are carried at revalued amounts;
- (ii) Financial assets at fair value through other comprehensive income (FVOCI) are stated at their fair value;
- (iii) Consumable biological assets are stated at their fair value less costs to sell;
- (iv) Net defined benefit liability is measured at fair value of plan assets less the present value of the defined benefit obligation.
- (v) Investments in subsidiaries and associates in separate financial statements of the Company are measured at their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Standards, Amendments to published Standards and Interpretations effective in the reporting period

Where the standards and interpretations may have an impact at a future date, they have been discussed below:

IFRS 16 Leases

IFRS 16 Leases results in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in note 2.9.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was between 4.5% and 8.5%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The impact of IFRS 16 on the Group's financial statements is disclosed in note 46.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about judgements and estimates made in preparing the financial statements and the potential impact of uncertainties that are not reflected. The existing accounting policies for uncertain tax treatments are consistent with the requirements in IFRIC 13.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied.

The standard did not have a significant impact on the financial statements.

Annual Improvements to IFRS standards 2015–2017 Cycle

As part of its process to make non-urgent but necessary amendments to IFRS, the International Accounting Standards Board (IASB) has issued the below Annual Improvements to IFRS Standards 2015–2017 cycle:

- IFRS 3 Business Combinations – clarify that obtaining control of a business that is a joint operation is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
- IFRS 11 Joint Arrangements – clarify that party obtaining/maintaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 Income Taxes – clarify that income tax consequences of dividends (including payments on financial instruments classified as equity) should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 Borrowings Costs – clarify that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The annual improvements did not have a significant impact on the financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- disregard the effect of asset ceiling when calculating the gain or loss on any settlement of the plan and separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments had no material impact on the Group's financial statements.

2.1A Standards, Amendments to published Standards and Interpretations issued but not yet effective

At the date of authorisation of the consolidated and separate financial statements for the year ended December 31, 2019, the following standards and interpretations were in issue but not yet effective:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1A Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Early adoption is still permitted.

When a company loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the company recognises the full gain on the loss of control. But under the standard on associates and JVs, the company recognises the gain only to the extent of unrelated investors' interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The Board is still assessing the impact on the financial statements.

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 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

The Board is still assessing the impact on the financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1A Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Definition of Material (Amendments to IAS 1 and IAS 8)

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 Board 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 1, 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

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.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 1, 2020, unless the new guidance contains specific scope outs.

The Board is still assessing the impact on the 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.

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 from January 1, 2022. The board is still assessing the impact of this amendment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost at recognition. Buildings are subsequently stated at their revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is subsequently stated at its revalued amount being the fair value at the date of revaluation, less subsequent accumulated impairment losses. All other property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the assets' carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Land and buildings are revalued every three years, unless there is evidence that the fair value of the assets differ materially from the carrying amount. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Depreciation is calculated on the straight-line method to write off the cost or the revalued amounts of the assets to their residual values over their estimated useful lives as follows:

Buildings on Leasehold Land	2 - 10%
Buildings	1 - 20%
Power Plant	1 - 4 %
Factory Equipment	2 - 50%
Agricultural Equipment	2 - 25%
Motor Vehicles	10 - 25%
Furniture and Office Equipment	2 - 35%
Bearer plants	12.5%

Land is not depreciated.

Depreciation is charged to either cost of sales or other expenses based on the function the asset holds. For those assets which are involved in the core operations of the entity, the depreciation is charged to cost of sales. For those assets which are involved in administrative operations, the depreciation is charged to administrative expenses.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss shall be recognised in profit or loss.

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investment properties

Investment properties comprise land and buildings. Investment properties, held to earn rentals, are initially stated at cost plus transaction costs. Subsequently buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight line method to write off the cost of the investment properties to their residual values over the estimated useful life. Land is not depreciated.

The principal annual rate is as follows:

Buildings	2 - 8%
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An entity shall transfer a property to, or from, investment property, when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet the definition of investment property and there is evidence of the change in use. Transfers between investment properties, owner-occupied property and inventories are made at the carrying amounts of the property transferred.

Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related cost.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

2.4 Intangible assets and goodwill

(a) Intangible assets consist of land conversion rights (LCRs), goodwill, brands/distribution rights and computer software.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives comprise of computer software and are amortised over the useful economic life and assessed at the end of each reporting period whether there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives comprise of land conversion rights, goodwill and brands/distribution rights and are not amortised, but are tested for impairment annually and wherever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets and goodwill (Cont'd)

(i) Land conversion rights

The reform of the Sugar Industry in the years 2000 necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure investments and expenses have been financed by debt. In order to assist the repayment of these debts, Government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity.

An LCR is recognised as a non-current asset and is initially measured at cost at the date on which the Group is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with.

Land conversion rights (LCRs) are assumed to have an indefinite useful life as per the terms of the agreement entered with the Government of Mauritius.

LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), used internally for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss.

(ii) Brands/distribution rights

Brands/distribution rights are shown at cost and tested annually for impairment.

(iii) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (5 years).

Costs associated with upgrading or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs.

(b) Goodwill arising on an acquisition of a business is measured at cost less accumulated impairment losses, if any.

Goodwill is not amortised but tested annually for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

(c) Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment in subsidiaries

Separate financial statements of the Company

In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value.

Consolidated financial statements

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

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

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. Any difference between any consideration paid/received and the relevant share of the carrying value of net assets of the subsidiary is recorded within equity, separately from the equity of the owners of the Company. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loss of control

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates

Separate financial statements of the Company

In the separate financial statements of the Company, investments in associated companies are carried at fair value.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the gain or loss previously recognised in other comprehensive income is reclassified to profit or loss relative to that reduction in ownership interest.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.7 Financial instruments

(a) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) *Classification and subsequent measurement*

(i) **Financial assets**

On initial recognition, the Group and the Company classify financial assets as subsequently measured at amortised cost or fair value through other comprehensive income based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

(b) *Classification and subsequent measurement (Cont'd)*

(i) **Financial assets (Cont'd)**

Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- 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.

These assets are subsequently measured at amortised cost using the effective interest method, less impairment losses which are recognised in profit or loss. Any gain on derecognition is also recognised in profit or loss.

Impairment allowance for trade receivables is recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such allowances are recorded in a separate impairment loss allowance account in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated impairment allowance.

Impairment allowance for receivables from related parties and loans to related parties is recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the impairment allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company determine that a financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being past due the agreed credit term; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

From time to time, the Group and the Company elect to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest method and any resulting difference to the carrying value is recognised in profit or loss.

The Group's financial assets measured at amortised cost comprise trade and other receivables excluding prepayments/taxes receivable/deposits, cash in hand and at bank and other financial assets at amortised cost in the statement of financial position.

The Company's financial assets measured at amortised cost comprise trade and other receivables excluding deposits, cash in hand and at bank and other financial assets at amortised cost in the statement of financial position.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

(b) Classification and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- 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.

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group have made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group consider this measurement to be the most representative of the business model for these assets. They are subsequently measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve.

Upon disposal any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and the Company consider:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

(b) Classification and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Fair value through other comprehensive income (Cont'd)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features, and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Group's financial assets at fair value through other comprehensive income comprise of equity securities.

The Company's financial assets at fair value through other comprehensive income comprise of investments in subsidiaries, investments in associates and equity securities.

(ii) Financial liabilities

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes the initial transaction costs and any premium payable on redemption, as well as any interest payable while the liability is outstanding.

The Group's other financial liabilities include borrowings and trade and other payables (excluding VAT). The Company's other financial liabilities include borrowings and trade and other payables.

Derivative financial liabilities

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.

(c) Derecognition

The Group and the Company derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control of the financial asset.

The Group and the Company enter into transactions whereby they transfer assets recognised in their statement of financial position, but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

(c) Derecognition (Cont'd)

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Biological assets

(i) Bearer Biological assets – Deer farming

Bearer biological assets, excluding bearer plants are stated at cost.

(ii) Consumable Biological assets – Sugar cane

Sugar canes are measured at their fair value less costs to sell. The fair value of sugar canes is the present value of expected net cash flows from the sugar canes discounted at the relevant market determined pre-tax rate. Changes in fair value is recognised in profit or loss.

2.9 Leases

(i) As a lessee

In 2018, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs (see note 2.21).

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (Cont'd)

(i) As a lessee (Cont'd)

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group obtains substantially all the economic benefits from use of the asset, and
- (c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise through use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. The terms of the leases previously classified as operating lease under IAS 17 are disclosed in note 23(c). The lease liability classified as finance lease obligations under IAS 17 is disclosed in note 22. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (Cont'd)

(i) As a lessee (Cont'd)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets such as IT equipments are recognised on a straight-line basis as an expense in profit or loss.

Right of use assets comprise of Land, Buildings and Motor Vehicles.

(ii) As a lessor

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

All leases are classified as operating leases from a lessor perspective.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Corporate Social Responsibility (CSR)

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 recognised in the profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current year 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.12 Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

Events or circumstances may extend the period to complete the sale beyond one year but if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset, such extension does not preclude the asset from being classified as held for sale.

The Group

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate, or a portion of an investment in an associate, the investment, or the portion of the investment in associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in associate that has not been classified as held for sale continues to be accounted for using the equity method.

Impairment losses on initial classification as held for sale and subsequent gains or losses on measurement are recognised in profit or loss.

2.13 Stated capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.14 Retirement benefit obligations

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations (Cont'd)

Defined benefit plans (Cont'd)

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by qualified actuaries and provided for. The obligations arising under this item are not funded.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

State pension plan

Contributions to the National Pension Fund are expensed in profit or loss.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date then they are discounted to their present value.

Measurement of defined benefit obligations: Key actuarial assumptions

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations (Cont'd)

Measurement of defined benefit obligations: Key actuarial assumptions (Cont'd)

Other key assumptions, such as discount rate, inflation rate, future salary increase and average retirement age for pension obligations are based on current market conditions.

2.15 Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.16 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using MUR, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated and separate financial statements are presented in MUR, which is the Company's and the Group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying as cash flow hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents is presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities classified as financial assets at fair value through OCI, are included in the fair value reserve in equity.

(iii) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Foreign currencies (Cont'd)

(iii) *Group companies (Cont'd)*

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to shareholders' equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, 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 or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2.17 Impairment of non-financial assets

Impairment of non-financial assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is higher of the fair value less costs of disposal and value in use. 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Goodwill

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The majority of the revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the Group still has physical possession only if:

- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Company does not have the ability to use the product to direct it to another customer.

Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Practical expedients

The Company has taken advantage of the practical expedients:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods/services before transferring them to the customer.

(i) Cane cluster

The performance obligation relating to the sale of sugar and by-products is satisfied upon delivery of those goods. At the grower stage, control of the goods passes when the delivery truck crosses the weighbridges. At the miller and refiner stage, control of the goods passes to the customer upon delivery.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition (Cont'd)

(a) Revenue from contracts with customers (Cont'd)

(ii) Power cluster

The energy cluster generates revenue from the sale of electricity, which is recognised over time as and when distributed on the grid.

(iii) Brands cluster

The performance obligation is satisfied upon delivery of those goods when control of the goods passes to the customer upon delivery.

(iv) Property cluster

Revenue is recognised when control over the land has been transferred to the customer, that is, when the legal title has passed to the customer upon signature of the "Acte de Vente". Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract.

(b) Revenue from sale of sale of morcellement lots

Revenue from the sale of morcellement lots is net of rebates and discounts. The Company uses the percentage of completion method to determine the appropriate amount of revenue to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract (or by reference to surveys of work performed or completion of a physical proportion the contract work). Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Other revenues earned by the Group/Company are recognised on the following bases:

- Dividend income - when the shareholder's right to receive payment is established.
- Lease income arising from operating leases-on a straight-line basis over the lease term.

(c) Remaining performance obligations

The vast majority of the Group's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, certain design contracts and contracts for the delivery of goods have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the Group's right to consideration does not correspond directly with the performance.

In addition, sales of extended warranties for periods of greater than one year and material rights relating to discounts on future contracts do not meet these conditions.

2.19 Dividend distribution

Dividend which have been appropriately authorised and which is non-discretionary, on or before the end of the reporting period but not distributed at the end of the reporting date is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

2.20 Segment reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

2.22 Other income

Other income earned by the Group is recognised on the following basis:

- Profit on sale of property, plant and equipment and land is recognised when the significant risks and returns have been transferred to the buyer.
- Agricultural diversification represents the gross proceeds of sale of fruits and vegetables and animals, revenue from agricultural diversification is recognised when goods are delivered and title has passed.
- Sugar Insurance Fund Board (SIFB) compensation represents the compensable loss in excess of the sugar accrued on supply and the total insurable sugar and is recognised on accrual basis unless there is uncertainty on the outcome of the compensation in which case the normal contingent asset policy as per IAS 37 applies.
- Others include rent and transport, cane supply agreement and other consultancy fees, which are recognised in the accounting year in which the services are received.
- Interest income is calculated by applying the effective interest method to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest method is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.23 Fair value measurement

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 uses 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 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;
- 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 financial statements at fair value on a recurring basis, the Group determines 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Fair value measurement (Cont'd)

The Management determines the policies and procedures for both recurring fair value measurement, such as land, investment properties and unquoted financial assets at fair value through OCI, and for non-recurring measurement, such as assets held for sale in discontinued operations. Management is comprised of the Chief Finance Executive, Chief Finance Officers, Heads of the investment properties segment.

External valuers are involved for valuation of significant assets, such as properties and land conversion rights. Involvement of external valuers is determined annually by Management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has 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.

2.24 Net finance costs

The finance income and finance costs include:

- foreign exchange gain and loss;
- interest expense;
- interest income.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income or expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.25 Contingent asset

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.26 Contingent liabilities

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group and the Company endeavor to manage their exposure to market risks and to minimize the impact of volatility in exchange rates and interest rates on the bottom line of Group companies.

The Group's and the Company's activities expose them to a variety of financial risks which have to be effectively managed so as to protect their long term sustainability and to safeguard the interests of their stakeholders.

The Group's and the Company's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's and the Company's financial performance.

A description of the significant risk factors is given below together with risk management policies where applicable.

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk and
- (d) Cash flow and fair value interest rate risk

(a) Market risk

(i) Currency risk

The Group is exposed to foreign exchange risk arising from sugar growing activities, primarily with respect to the Euro (EUR), the US dollar (USD) and the Seychellois Rupee (SCR). This risk affects both the crop proceeds and the fair value of the biological assets. The Group also has investments in foreign entities, whose net assets are exposed to currency translation risk.

The Group and the Company are exposed to currency risks from their exports and imports both for their commercial and production activities. As such they are subject to risks from changes in currency values that could affect earnings. Given the limited availability of financial instruments locally, short term transaction risks arising from currency fluctuations are not hedged.

Subject to cost and availability of finance, the Group and the Company aim to minimise their foreign exposure by borrowing in local and foreign currency to mirror their currency commitments as they fall due.

Retranslation risks are not hedged.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency profile

The currency profile of the Group's and the Company's financial assets and liabilities are summarised below:

THE GROUP	MUR	EUR	USD	SCR	Other currencies	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2019						
Trade and other receivables	1,055.7	115.1	213.8	85.0	2.4	1,472.0
Other financial assets at amortised cost	45.6	-	-	-	-	45.6
Cash in hand and at bank	466.2	16.3	4.5	-	4.5	491.5
Financial assets at fair value through other comprehensive income	250.2	-	252.6	-	-	502.8
Total assets	1,817.7	131.4	470.9	85.0	6.9	2,511.9
Trade payables	691.7	8.1	130.2	73.6	-	903.6
Borrowings	3,315.4	225.6	-	-	-	3,541.0
Lease liabilities	36.1	-	-	-	-	36.1
Total liabilities	4,043.2	233.7	130.2	73.6	-	4,480.7
At December 31, 2018						
Trade and other receivables	911.3	62.2	8.7	65.0	4.3	1,051.5
Other financial assets at amortised cost	162.7	-	0.3	-	1.7	164.7
Cash in hand and at bank	366.5	6.6	14.5	-	-	387.6
Financial assets at fair value through other comprehensive income	373.3	-	92.2	-	-	465.5
Total financial assets	1,813.8	68.8	115.7	65.0	6.0	2,069.3
Trade payables	613.0	263.8	85.0	64.0	-	1,025.8
Borrowings	2,512.0	193.1	-	-	-	2,705.1
Total financial liabilities	3,125.0	456.9	85.0	64.0	-	3,730.9

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency profile (Cont'd)

THE COMPANY

At December 31, 2019

	MUR	USD	EUR	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M
Trade and other receivables	59.6	-	-	59.6
Other financial assets at amortised cost	9.1	-	-	9.1
Cash in hand and at bank	12.0	0.1	0.1	12.2
Investment in subsidiaries	12,969.7	102.6	-	13,072.3
Investment in associates	139.3	-	87.4	226.7
Financial assets at fair value through other comprehensive income	265.2	252.6	-	517.8
Total assets	13,454.9	355.3	87.5	13,897.7
Borrowings	860.3	-	-	860.3
Trade and other payables	30.3	-	-	30.3
Total liabilities	890.6	-	-	890.6

At December 31, 2018

Trade and other receivables	11.8	-	-	11.8
Other financial assets at amortised cost	8.0	-	-	8.0
Cash in hand and at bank	38.2	11.0	0.2	49.4
Investment in subsidiaries	13,226.7	117.9	-	13,344.6
Investment in associates	930.0	-	165.0	1,095.0
Financial assets at fair value through other comprehensive income	388.4	92.2	-	480.6
Total assets	14,603.1	221.1	165.2	14,989.4
Borrowings	527.3	-	-	527.3
Trade and other payables	21.3	-	-	21.3
Total liabilities	548.6	-	-	548.6

The following significant exchange rates have been applied.

	AVERAGE RATE		YEAR-END SPOT RATE	
	2019	2018	2019	2018
	MUR	MUR	MUR	MUR
EUR	39.79	40.26	40.64	39.20
USD	35.66	34.18	36.35	34.40
SCR	2.53	2.45	2.59	2.43

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

A reasonably possible strengthening/weakening of the MUR against all other currencies at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

THE GROUP

	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
EUR	+4%	+2%	-4%	-2%
	(4.1)	(7.8)	4.1	7.8
USD	+6%	+2%	-6%	-2%
	20.4	0.6	(20.4)	(0.6)

THE COMPANY

	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
EUR	+4%	+2%	-4%	-2%
	3.5	3.3	(3.5)	(3.3)
USD	+6%	+2%	-6%	-2%
	21.3	4.4	(21.3)	(4.4)

Given that the Group has limited foreign currency exposure to SCR, no sensitivity analysis was carried out.

(ii) Equity price risk

The Group and the Company are exposed to equity securities price risk because of investments in financial assets at fair value through other comprehensive income. To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The table below summarises the impact of increases/decreases in the fair value of the investments on the Group's and the Company's profit or loss and equity.

The analysis is based on the assumption that the fair value increases/decreases by 3% (2018: 5%).

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets at fair value through OCI	+/- 3%	+/- 5%	+/- 3%	+/- 5%
	+/- 4.8	+/- 10.5	+/- 5.2	+/- 11.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Commodity price risk

The Group is also exposed to price risk with the incidence of the market price of sugar.

The table below summarises the impact of increases/(decreases) in the price of sugar on the Group. The analysis is based on the assumption that the price of sugar increases/decreases by 9% (2018: 11%).

THE GROUP	
Impact on profit or loss and equity	
2019	2018
MUR'M	MUR'M
47.3	45.7

Price of sugar

(b) Credit risk

Credit risk is the risk of financial loss to the Company and the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Group's trade receivables and other financial assets at amortised cost.

The amounts presented in the statement of financial position, are net of impairment loss, estimated by the Company's and the Group's management based on prior experience and the current environment.

As regards the Cane and Power segments, the Group has significant concentration of credit risk with exposure spread over a few customers. However, sale of products is made through reputable institutions where risk of default is very remote.

As for the Brands segment, the Company and the Group have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company and the Group have policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and to limit the amount of credit exposure to any one financial institution.

Exposure to credit risk and ECLs for trade receivables and other financial assets at amortised cost have been disclosed in their respective notes.

(c) Liquidity risk

Liquidity risk is the risk that the Company and the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the Group's and the Company's non-derivative financial liabilities and into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP	Less than 1 year MUR'M	Between 1 and 2 years MUR'M	Between 2 and 5 years MUR'M	Total MUR'M
At December 31, 2019				
Borrowings including bank overdrafts	3,364.1	61.2	115.7	3,541.0
Lease liabilities	13.9	22.2	-	36.1
Trade and other payables	903.6	-	-	903.6
At December 31, 2018				
Borrowings including bank overdrafts	2,461.7	59.3	184.1	2,705.1
Trade and other payables	1,025.8	-	-	1,025.8

THE COMPANY

At December 31, 2019

Borrowings including bank overdrafts	860.3
Trade and other payables	30.3

At December 31, 2018

Borrowings including bank overdrafts	527.3
Trade and other payables	21.3

Details of going concern and subsequent events are disclosed in note 4.1(e) and note 44 respectively.

Details of loan covenants are disclosed in note 22(g).

Details of liquidity risk management are disclosed in note 4.1(e).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(d) Cash flow and fair value interest rate risk

The Group's and the Company's interest-rate risks arise from borrowings. Borrowings issued at variable rates expose the Group and the Company to cash flow interest-rate risk. Borrowings issued at fixed rates also expose the Group and the Company to fair value interest-rate risk.

At December 31, 2019, if interest rates on MUR-denominated borrowings and EUR-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year and shareholders' equity would have been changed as shown in the table below.

MUR denominated borrowings (50 basis points)		EUR denominated borrowings (50 basis points)	
2019	2018	2019	2018
MUR'M	MUR'M	MUR'M	MUR'M
13.8	10.4	1.0	0.8
3.6	2.2	NA	NA

THE GROUP

Impact on post-tax profit and shareholders' equity

THE COMPANY

Impact on post-tax profit and shareholders' equity

At December 31, 2019, if variable interest rates on deposit at bank had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would not be significantly impacted.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company and the Group are the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as financial assets at fair value through OCI.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow method, EBITDA multiple and net asset value are used to determine fair value for the remaining financial instruments.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital Risk Management

The Company's and Group's objectives when managing capital are:

- to safeguard the Company's and Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company and the Group set the amount of capital in proportion to risk. The Company and the Group manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Company and the Group monitor capital on the basis of the net debt-to-adjusted capital ratio. Adjusted capital comprises all components of equity (i.e stated capital, revaluation and other reserves, and retained earnings).

During 2019, the Company's and the Group's strategy, which was unchanged from 2018, was to reduce the net debt-to-adjusted capital ratio to a reasonable level in order to secure access to finance at a reasonable cost.

The net debt-to-adjusted capital ratios at December 31, were as follows:

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Total debt (note 22)	3,541.0	2,705.1	860.3	527.3
Less: cash in hand and at bank	(491.5)	(387.6)	(12.2)	(49.4)
Net debt	3,049.5	2,317.5	848.1	477.9
Total equity	15,053.6	13,992.2	13,749.6	14,441.0
Net debt-to-adjusted capital ratio	0.20:1	0.17:1	0.06:1	0.03:1

There were no changes in the Company's and the Group's approach to capital risks management during the year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company and the Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Measurement of fair value

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5(c) – land and building
- Note 8 – investment in subsidiaries
- Note 9 – investment in associates
- Note 10 – financial assets at fair value through other comprehensive income
- Note 17 – consumable biological assets

(b) Pension benefits

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

(c) Impairment of non-financial assets

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is allocated to the other assets of a cash-generating unit.

The land conversion rights (“LCRs”) granted under the Sugar Industry Efficiency (“SIE”) Act 2001 have been tested for impairment using the the valuation of an independent property valuer. The details are provided in note 30(iv).

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s and the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

(e) Going concern

THE GROUP

The Group generated a profit after tax of MUR’M 380.7 (2018: MUR’M 319.6) for the year-ended December 31, 2019 and had net equity of MUR 15 billion (2018: MUR 14 billion). However, the Group had a net current liability position of MUR’M 952 at December 31, 2019 (2018: MUR’M 736.6).

The Group manages liquidity risk by maintaining adequate committed unused short term borrowing facilities of MUR 2.3 billion and working capital funds at December 31, 2019. The Board monitors the net debt level of the Group taking into consideration the expected outlook of the Group’s financial position, cash flows and future capital commitments. The Group adopts a prudent approach in managing its liquidity risk, taking into account any volatility in its business and investment activity requirements.

The Group has nevertheless sufficient liquid assets and unused borrowing facilities with sufficient headroom to meet all its current obligations and financial commitments over at least the next 12 months from the date of approval of these consolidated financial statements. Consequently, the Directors have therefore concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Liquidity management

The overall group net debt amounted to MUR’M 3,541 (2018: MUR’M 2,705.1) which is an increase of 24% over the prior year. Out of the net debts are MUR’M 3,261 (2018: MUR’M 2,372.1) which are short term money market lines which are renewed on an ongoing basis. The Group never had instances where the short term money market loan had not been renewed.

The increase is mainly attributable to the Group’s ongoing long-term projects being financed by short term borrowings at competitive interest rates. We have since raised long term finance for an amount of MUR 2.1 billion to refinance that net current liability. The net debt-to-equity ratio of 20% as at December 31, 2019 is also within the acceptable range and being monitored closely and the Group has nevertheless sufficient liquid assets (level 1 investments) and unused borrowing facilities with sufficient headroom to meet all its current obligations as they fall due in the normal course of business.

THE COMPANY

The Company is an investment holding company whose main source of income is dividends from investments. The Company generated a profit after taxation of MUR’M 178.7 (2018: MUR’M 197.2) for the year-ended December 31, 2019 and had net equity of MUR 13.7 billion (2018: MUR 14.4 billion). The Company has a net current liability position of MUR’M 657 (2018: MUR’M 487). Out of the Company’s total current liabilities, MUR’M 860.3 (2018: MUR’M 521) pertains to intercompany loans with the treasury entity of the Group, which have fully been subordinated as long as the Company’s current liabilities exceed its current assets. After deduction of the intercompany loans which are subordinated, the Company’s has a net current asset position of MUR’M 203 at December 31, 2019.

Taking into account the subordination agreement, the Company has liquid assets and cash flows to meet all its current obligations and financial commitments over at least the next 12 months from the date of approval of these separate financial statements. Consequently, the Directors have therefore concluded that it is appropriate to prepare the separate financial statements on a going concern basis.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Buildings on Leasehold		Power Plant	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment		Construction in progress	Bearer Plants	Total
	Land	Buildings					Equipment	Equipment			
	MUR'M	MUR'M					MUR'M	MUR'M			
COST AND VALUATION											
At January 1, 2019											
- Cost											
- As previously reported	3,798.2	279.3	466.0	352.1	891.0	459.0	609.6	475.2	-	639.3	7,969.7
- Restatements (note 47(ac))	880.2	(89.0)	224.6	(0.8)	(782.6)	144.0	(165.0)	216.6	-	-	428.0
- Effect of prior year adjustments (note 47)	(1,069.1)	(52.8)	(95.8)	1,750.8	1,236.5	-	-	-	-	-	1,769.6
- As restated	<u>3,609.3</u>	<u>137.5</u>	<u>594.8</u>	<u>2,102.1</u>	<u>1,344.9</u>	<u>603.0</u>	<u>444.6</u>	<u>691.8</u>	<u>-</u>	<u>639.3</u>	<u>10,167.3</u>
- Valuation adjustment											
- As previously reported	4,956.2	-	1,591.1	2,107.9	1,343.7	-	-	-	-	-	9,998.9
- Restatements (note 47(ac))	(936.0)	-	(338.9)	-	-	-	-	-	-	-	(1,274.9)
- Effect of prior year adjustments (note 47)	221.1	-	(556.1)	(2,107.9)	(1,343.7)	-	-	-	-	-	(3,786.6)
- As restated	<u>4,241.3</u>	<u>-</u>	<u>696.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,937.4</u>
- Total Cost/Valuation - restated	<u>7,850.6</u>	<u>137.5</u>	<u>1,290.9</u>	<u>2,102.1</u>	<u>1,344.9</u>	<u>603.0</u>	<u>444.6</u>	<u>691.8</u>	<u>-</u>	<u>639.3</u>	<u>15,104.7</u>
Additions	-	2.7	13.6	18.1	71.3	27.2	27.6	40.2	0.6	54.5	255.8
Reclassification adjustments	-	-	-	-	-	-	-	0.2	(0.3)	-	(0.1)
Transfer to intangible assets (note 7)	-	-	-	-	-	-	-	(10.1)	-	-	(10.1)
Transfer to inventories	(1.7)	-	-	-	-	-	-	-	-	-	(1.7)
Revaluation adjustments	1,127.8	-	2,019.1	-	-	-	-	-	-	-	3,146.9
Disposals/scrapped assets	(40.6)	-	(1.2)	(0.5)	-	(10.1)	(16.0)	(1.9)	-	-	(70.3)
Translation differences	-	1.4	-	-	-	-	0.7	0.8	-	-	2.9
At December 31, 2019											
- Cost	3,567.0	141.6	607.2	2,119.7	1,416.2	620.1	456.9	721.0	0.3	693.8	10,343.8
- Valuation adjustment	5,369.1	-	2,715.2	-	-	-	-	-	-	-	8,084.3
- Total Cost/Valuation	8,936.1	141.6	3,322.4	2,119.7	1,416.2	620.1	456.9	721.0	0.3	693.8	18,428.1

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

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

(a) THE GROUP (CONT'D)	Buildings on Leasehold		Power Plant	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment		Construction in progress	Bearer Plants	Total
	Land	Buildings					Equipment	Equipment			
	MUR'M	MUR'M					MUR'M	MUR'M			
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
At January 1, 2019											
- As previously reported	-	101.0	1,574.2	1,374.2	1,607.2	431.4	465.1	354.4	-	389.6	6,297.1
- Restatements (note 47(ac))	-	(60.4)	(131.0)	(2.9)	(727.5)	100.7	(118.0)	92.4	-	(0.2)	(846.9)
- Effect of prior year adjustments (note 47)	-	-	(613.9)	(222.5)	(68.2)	-	-	-	-	-	(904.6)
- As restated	-	40.6	829.3	1,148.8	811.5	532.1	347.1	446.8	-	389.4	4,545.6
Charge for the year	-	4.0	35.5	50.0	60.5	20.1	47.4	50.6	-	73.2	341.3
Transfer to intangible assets (note 7)	-	-	-	-	-	-	-	(2.7)	-	-	(2.7)
Revaluation adjustments	-	-	1,549.7	-	-	-	-	-	-	-	1,549.7
Impairment (note 30(ii,iii))	427.9	-	-	-	-	-	-	-	-	32.4	460.3
Disposals/scrapped assets	-	-	(0.8)	(0.2)	-	(10.1)	(14.6)	(1.3)	-	-	(27.0)
Translation differences	-	0.4	-	-	-	-	0.5	0.6	-	-	1.5
At December 31, 2019	427.9	45.0	2,413.7	1,198.6	872.0	542.1	380.4	494.0	-	495.0	6,868.7
CARRYING AMOUNTS											
At December 31, 2019	8,508.2	96.6	908.7	921.1	544.2	78.0	76.5	227.0	0.3	198.8	11,559.4

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

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

(b) THE GROUP	Buildings on Leasehold			Power Plant	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Bearer		Total
	Land	Land	Buildings					Equipment	Plants	
	MUR'M	MUR'M	MUR'M					MUR'M	MUR'M	
COST AND VALUATION										
At January 1, 2018										
- Cost										
- As previously reported	3,811.4	274.5	418.3	338.3	836.5	432.2	614.5	444.1	586.9	7,756.7
- Restatements (note 47(ac))	874.8	(87.3)	235.7	89.2	(782.6)	144.0	(165.0)	216.6	-	525.4
- Effect of prior year adjustments (note 47)	(928.4)	(54.5)	(99.1)	1,660.8	1,236.5	-	-	-	-	1,815.3
- As restated	3,757.8	132.7	554.9	2,088.3	1,290.4	576.2	449.5	660.7	586.9	10,097.4
- Valuation adjustment										
- As previously reported	4,547.5	-	1,627.7	2,107.9	1,343.7	-	-	-	-	9,626.8
- Restatements (note 47(ac))	(936.0)	-	(344.6)	(90.0)	-	-	-	-	-	(1,370.6)
- Effect of prior year adjustments (note 47)	92.8	-	(602.2)	(2,017.9)	(1,343.7)	-	-	-	-	(3,871.0)
- As restated	3,704.3	-	680.9	-	-	-	-	-	-	4,385.2
- Total Cost/Valuation-restated	7,462.1	132.7	1,235.8	2,088.3	1,290.4	576.2	449.5	660.7	586.9	14,482.6
Additions	-	7.5	67.8	20.7	60.8	36.9	24.6	38.4	52.4	309.1
Revaluation adjustments	537.0	-	15.2	-	-	-	-	-	-	552.2
Disposals of subsidiaries	-	-	-	(3.7)	-	-	(3.5)	(6.0)	-	(13.2)
Transfer to investment properties (note 6)	(210.9)	-	(5.4)	-	-	-	-	-	-	(216.3)
Disposals/Scrapped assets	(13.2)	(2.7)	(21.7)	(3.2)	(6.3)	(10.1)	(25.5)	(0.7)	-	(83.4)
Transfer from intangible assets (note 7(a)), prior year adjustments (note 47)	75.6	-	-	-	-	-	-	-	-	75.6
Translation differences	-	-	(0.8)	-	-	-	(0.5)	(0.6)	-	(1.9)
At December 31, 2018										
- Cost	3,609.3	137.5	594.8	2,102.1	1,344.9	603.0	444.6	691.8	639.3	10,167.3
- Valuation	4,241.3	-	696.1	-	-	-	-	-	-	4,937.4
- Total Cost/Valuation-restated	7,850.6	137.5	1,290.9	2,102.1	1,344.9	603.0	444.6	691.8	639.3	15,104.7

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

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

(b) THE GROUP (CONT'D)	Buildings on Leasehold			Power Plant	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Bearer		Total
	Land	Land	Buildings					Equipment	Plants	
	MUR'M	MUR'M	MUR'M					MUR'M	MUR'M	
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
At January 1, 2018										
- As previously reported	-	96.7	1,543.7	1,318.3	1,535.4	421.0	434.8	319.1	313.2	5,982.2
- Restatements (note 47(ac))	-	(58.7)	(131.0)	(2.9)	(727.5)	100.7	(118.0)	92.4	(0.2)	(845.2)
- Effect of prior year adjustments (note 47)	-	-	(614.9)	(213.3)	(52.5)	-	-	-	-	(880.7)
- As restated	-	38.0	797.8	1,102.1	755.4	521.7	316.8	411.5	313.0	4,256.3
Charge for the year-restated	-	2.6	45.2	49.1	62.4	20.5	54.1	37.5	76.4	347.8
Disposals of subsidiaries	-	-	-	(0.5)	-	-	(0.8)	(1.5)	-	(2.8)
Disposals/scrapped assets	-	-	(13.6)	(1.9)	(6.3)	(10.1)	(22.6)	(0.4)	-	(54.9)
Translation differences	-	-	(0.1)	-	-	-	(0.4)	(0.3)	-	(0.8)
At December 31, 2018	-	40.6	829.3	1,148.8	811.5	532.1	347.1	446.8	389.4	4,545.6
CARRYING AMOUNTS										
At December 31, 2018	7,850.6	96.9	461.6	953.3	533.4	70.9	97.5	245.0	249.9	10,559.1
At January 1, 2018	7,462.1	94.7	438.0	986.2	535.0	54.5	132.7	249.2	273.9	10,226.3

(c) Measurement of fair value of land and buildings

The fair value measurements of the freehold land and buildings of the Group as at December 31, 2019 were performed by Noor Dilmohamed & Associates, an independent professional valuer not related to the Group and having the appropriate qualifications (Certified Practising Valuer (Australia) & Registered Valuer; API Mem. Reg. No. 00064007) and recent experience in fair value of properties. The valuation was based on recent market transactions on arm's length terms for similar properties determined based on market comparable approach. Where the market value of an asset cannot be established, its value is arrived at using a surrogate such as Depreciated Replacement Cost.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

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

(c) Measurement of fair value of land and buildings (cont'd)

If land and buildings were stated on the historical cost basis, their carrying amounts would be as follows:

THE GROUP	Land		Buildings	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
Cost	3,567.0	3,609.3	607.2	594.8
Accumulated depreciation	-	-	(247.9)	(246.8)
Carrying amount	3,567.0	3,609.3	359.3	348.0

Sensitivity analysis

The following tables show the significant unobservable inputs used and the sensitivity of these inputs on the fair value:

2019	Fair value hierarchy	Significant unobservable input	Range of unobservable input
Agricultural Land	Level 3	Price per Ha Bulk discount rate	305,000 – 7,000,000 35.0%
Non-Agricultural Land	Level 3	Price per Ha Bulk discount rate	2,000,000 – 25,000,0000 35.0%
Buildings	Level 3	Price per Square meter Bulk discount rate	2,000 – 50,000 35.0%

The bulk discount of 35% has been determined using the following assumptions:

- around 330 Hectares may be disposed of annually;
- the period of sale would be 20 years;
- the rate of growth of agricultural land more particularly cane land at around 2 per cent per annum; and
- the discount rate 6.5 per cent per annum.

An increase in the price per Ha and the price per Square meter would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

(d) Impairment losses

For the year ended December 31, 2019, the Group recognised an impairment of MUR'M 427.9 (2018: Nil) on land based on recoverable amount of the Agricultural business unit. The impairment loss was charged to other comprehensive income against revaluation surplus recognised on land during the year (Note 30(ii)).

For the year ended December 31, 2019, the Group recognised an impairment of MUR'M 32.4 (2018: Nil) on bearer plants based on a valuation carried out by management. The impairment loss was charged to profit or loss (Note 30(iii)).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

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

(e) Depreciation has been charged to profit or loss as follows:

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
Cost of sales	190.4	184.3
Other expenses	150.9	163.5
	341.3	347.8

(f) At December 31, 2019, the net carrying amount of leased agricultural equipment held under finance leases was MUR'M 13.7 (2018: MUR'M 26.2).

5A. RIGHT-OF-USE ASSETS

THE GROUP

At January 1, 2019

- as previously reported

Impact of change in accounting policy (note 46)

- as restated

Depreciation

At December 31, 2019

Land	Buildings	Motor Vehicles	Total
MUR'M	MUR'M	MUR'M	MUR'M
-	-	-	-
11.2	47.0	3.3	61.5
11.2	47.0	3.3	61.5
(0.1)	(17.8)	(0.7)	(18.6)
11.1	29.2	2.6	42.9

5B. FINANCE LEASE RECEIVABLES

Year 1

Year 2

Year 3

Year 4

Year 5

Onwards

Undiscounted lease payments

Less: unearned finance income

Present value of lease payments receivable

Net investment in the lease

Undiscounted lease payments analysed as:

Recoverable after 12 months

Recoverable within 12 months

Net investment in the lease analysed as:

Recoverable after 12 months

Recoverable within 12 months

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
1.5	127.3
1.6	1.5
1.7	1.6
1.8	1.7
1.8	1.8
3,487.9	3,489.7
3,496.3	3,623.6
(3,451.8)	(3,455.2)
44.5	168.4
44.5	168.4
3,494.8	3,496.3
1.5	127.3
3,496.3	3,623.6
42.4	44.6
2.1	123.8
44.5	168.4

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

5B. FINANCE LEASE RECEIVABLES (CONT'D)

The Group entered into finance leasing arrangements as a lessor for plots of land at morcellement Le Hameau.

The term of the lease entered into is 99 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease is denominated in MUR.

5C. LEASE PREPAYMENTS

At January 1,

- As previously reported

- Effect of prior year adjustments (note 47)

- As restated

Impact of change in accounting policy (note 46) - transfer to rights-of-use

At December 31,

THE GROUP Restated	
2019	2018
MUR'M	MUR'M
-	-
5.8	5.8
5.8	5.8
(5.8)	-
-	5.8

6. INVESTMENT PROPERTIES

THE GROUP	Investment property under development		Land and buildings		Total	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST						
At January 1,						
- As previously reported	-	-	328.8	299.6	328.8	299.6
- Restatements (note 47(ac))	-	-	(2.7)	(2.7)	(2.7)	(2.7)
- Effect of prior year adjustments (note 47)	85.8	9.0	589.9	373.0	675.7	382.0
- As restated	85.8	9.0	916.0	669.9	1,001.8	678.9
Additions	301.9	105.8	-	29.8	301.9	135.6
Disposals	-	-	(20.5)	-	(20.5)	-
Transfer from land & buildings (note 5)	-	-	-	216.3	-	216.3
Transfer to inventories	-	-	(36.1)	-	(36.1)	-
Transfer from work-in-progress	(104.2)	(29.0)	104.2	-	-	(29.0)
At December 31,	283.5	85.8	963.6	916.0	1,247.1	1,001.8
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
At January 1,						
- As previously reported	-	-	103.8	97.3	103.8	97.3
- Restatements (note 47(ac))	-	-	(2.7)	(2.7)	(2.7)	(2.7)
- Effect of prior year adjustments (note 47)	-	-	120.1	122.2	120.1	122.2
- As restated	-	-	221.2	216.8	221.2	216.8
Charge for the year	-	-	8.4	4.4	8.4	4.4
Reversal of impairment (note 30)	-	-	(8.1)	-	(8.1)	-
At December 31,	-	-	221.5	221.2	221.5	221.2
CARRYING AMOUNTS						
At December 31,	283.5	85.8	742.1	694.8	1,025.6	780.6

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

6. INVESTMENT PROPERTIES (CONT'D)

(a) Details of the Group's investment properties and information about the fair value hierarchy is as follows:

December 31,

Land and buildings

Level 3	
2019	2018
MUR'M	MUR'M
1,561.7	1,209.7

The fair value of investment property was determined by an external, independent property valuer, Noor Dilmohamed & Associates who has the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 5(c)).

(b) The following amounts have been recognised in profit or loss:

Rental income

Direct operating expenses from investment properties that generate rental income

Direct operating expenses from investment properties that do not generate rental income

THE GROUP	
2019	2018
MUR'M	MUR'M
37.1	44.2
1.3	17.0
-	-

(c) The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index rate.

Minimum lease payments receivable on leases of investment properties are as follows:

Within 1 year

Between 1 and 2 years

Between 2 and 3 years

Between 3 and 4 years

Between 4 and 5 years

Later than 5 years

THE GROUP	
2019	2018
MUR'M	MUR'M
52.0	53.4
45.6	52.0
54.6	45.6
52.1	54.6
50.7	52.1
977.5	931.0
1,232.5	1,188.7

(d) Additions to investment properties relate to subsequent expenditure.

(e) Investment property under development include land development and other related costs. There was no transfer from investment property under development to investment property (land & buildings) during the financial year (2018: Nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

7. INTANGIBLE ASSETS AND GOODWILL

(a) THE GROUP

	Goodwill	Land Conversion Rights	Computer Software	Brands/ Distribution Rights	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST					
At January 1, 2019					
- As previously reported	22.3	319.6	64.2	58.4	464.5
- Restatements (note 47(ac))	-	-	9.0	-	9.0
- Effect of prior year adjustments (note 47)	-	(75.6)	-	-	(75.6)
- As restated	22.3	244.0	73.2	58.4	397.9
Additions	-	-	10.1	-	10.1
Transfer from property, plant and equipment (note 5)	-	-	10.1	-	10.1
Adjustment	-	(25.0)	-	-	(25.0)
At December 31, 2019	22.3	219.0	93.4	58.4	393.1
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
At January 1, 2019					
- As previously reported	-	-	55.6	-	55.6
- Restatements (note 47(ac))	-	-	9.0	-	9.0
- As restated	-	-	64.6	-	64.6
Charge for the year	-	-	8.9	-	8.9
Impairment (note 30(iv))	-	98.3	-	-	98.3
Transfer from property, plant and equipment (note 5)	-	-	2.7	-	2.7
At December 31, 2019	-	98.3	76.2	-	174.5
CARRYING AMOUNTS					
At December 31, 2019	22.3	120.7	17.2	58.4	218.6

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

7. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

(a) THE GROUP

	Goodwill	Land Conversion Rights	Computer Software	Brands/ Distribution Rights	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST					
At January 1, 2018					
- As previously reported	22.3	319.6	59.1	56.7	457.7
- Restatements (note 47(ac))	-	-	9.0	-	9.0
- As restated	22.3	319.6	68.1	56.7	466.7
Transfer to land (note 5(b)), prior year adjustments (note 47)	-	(75.6)	-	-	(75.6)
Additions	-	-	5.1	1.7	6.8
At December 31, 2018	22.3	244.0	73.2	58.4	397.9
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
At January 1, 2018					
- As previously reported	-	-	49.9	-	49.9
- Restatements (note 47(ac))	-	-	9.0	-	9.0
- As restated	-	-	58.9	-	58.9
Charge for the year	-	-	5.7	-	5.7
At December 31, 2018	-	-	64.6	-	64.6
CARRYING AMOUNTS					
At December 31, 2018	22.3	244.0	8.6	58.4	333.3
At January 1, 2018	22.3	319.6	9.2	56.7	407.8

(b) Amortisation

The amortisation of computer software totalling MUR'M 8.9 (2018: MUR'M 5.7) has been charged to other expenses.

(c) Impairment test

For December 31, 2019, an impairment loss of MUR'M 98.3 was recognised (2018: MUR'M nil) and charged to profit or loss (note 30(iv)).

(d) Useful life

Goodwill and Distribution Rights have an indefinite useful life. These are not amortized because there is no foreseeable limit to the cash flows generated by those intangible assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

8. INVESTMENTS IN SUBSIDIARIES

(a) Reconciliation of movements in investment in subsidiaries is presented below:

	THE COMPANY		
	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M
2019			
At January 1,	956.0	12,388.6	13,344.6
Decrease in fair value	13.9	(286.2)	(272.3)
At December 31,	969.9	12,102.4	13,072.3
2018			
At January 1,	942.2	12,516.2	13,458.4
Disposals	-	(8.6)	(8.6)
Decrease in fair value	13.8	(119.0)	(105.2)
At December 31,	956.0	12,388.6	13,344.6

(ii) Fair value through other comprehensive income financial assets include the following:

	THE COMPANY	
	2019	2018
	MUR'M	MUR'M
Unquoted – Level 2, recurring fair value	969.9	956.0
Unquoted – Level 3, recurring fair value	12,102.4	12,388.6
	13,072.3	13,344.6

Details of subsidiaries are set out in note 38.

The accounting policies relevant for investment in subsidiaries described in the summary of significant accounting policies (Note 2.5).

(b) Unquoted Level 2 securities include investments in entities which hold shares in quoted securities.

The fair value of the Level 2 securities is based on the net assets value of the entities. The net asset value is based on the market price of the underlying quoted securities.

(c) Measurement of fair value – Level 3

The discounted cash flows (DCF) method, net asset value and the EBITDA multiple valuation methodologies were used to estimate the fair value of investment in subsidiaries. The DCF valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The EBITDA multiple valuation model considers applying a multiple to the normalised earnings and discounting for risks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Measurement of fair value – Level 3 (Cont'd)

The following tables show the valuation techniques used in measuring Level 3 in the statement of financial position, as well as the significant unobservable inputs used.

2019

Type	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
				%	MUR'M
Investment in subsidiaries	DCF	Discount rate	2% – 4.6%	+1.45%	(423.5)
		Growth rate	0%–5%	-1.45%	586.3
	EBITDA Multiple	Multiple	6.9	+33%	74.1
		Discount	21%	-33%	(74.1)
				+7.55%	(21.5)
				-7.55%	21.5

Some subsidiaries have been valued using the net asset value because either the underlying assets are fair valued (land & buildings (note 5)) or net asset value represents the best estimate of fair value at the measurement date.

9. INVESTMENTS IN ASSOCIATES

(a) THE GROUP

(i) Group's share of net assets

Goodwill

At December 31,

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
	2,624.2	3,021.9
	299.0	299.0
	2,923.2	3,320.9

Details of associates are set out in note 39.

The accounting policies relevant for investments in associates described in the summary of significant accounting policies (Note 2.6).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

9. INVESTMENTS IN ASSOCIATES (CONT'D)

(a) THE GROUP

(ii) Reconciliation of movements in investments in associates is presented below:

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
At January 1,		
As previously reported	3,455.4	3,245.9
- Effect of prior year adjustments (note 47)	(134.5)	137.2
As restated	3,320.9	3,383.1
Transfer to non-current assets classified as held for sale (note 19)	(503.6)	-
Transfer to financial assets at fair value through other comprehensive income (note 10(ii))	-	(30.5)
Transfer to investment in subsidiaries	(2.6)	-
Redemption of preference shares	(1.7)	-
Additions	65.5	10.0
Share of results of associates	170.9	254.0
Impairment of associates	(120.1)	(66.0)
Dividend received	(75.2)	(84.2)
Share of other comprehensive income	36.4	(175.9)
Movements in translation reserves	32.7	9.3
Other adjustments	-	21.1
At December 31,	2,923.2	3,320.9

(b) THE COMPANY

(i) Reconciliation of movements in investment in associates is presented below:

	Level 1	Level 2	Level 3	Total
2019	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
As previously reported	545.1	96.5	389.6	1,031.2
- Effect of prior year adjustments (note 47)	63.8	-	-	63.8
As restated	608.9	96.5	389.6	1,095.0
Transfer to non-current assets classified as held for sale (note 19)	(503.6)	-	-	(503.6)
Decrease in fair value	(64.1)	(34.3)	(266.3)	(364.7)
At December 31,	41.2	62.2	123.3	226.7

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

9. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) THE COMPANY

	Level 1	Level 2	Level 3	Total
(ii) 2018 - Restated	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
As previously reported	592.5	104.0	481.4	1,177.9
- Effect of prior year adjustments (note 47)	55.2	-	-	55.2
As restated	647.7	104.0	481.4	1,233.1
Additions	-	-	10.0	10.0
Transfer to financial assets at fair value through other comprehensive income (note 10 (iv))	-	-	(30.5)	(30.5)
Decrease in fair value	(38.8)	(7.5)	(71.3)	(117.6)
At December 31,	608.9	96.5	389.6	1,095.0

(iii) Fair value through other comprehensive income financial assets include the following:

	THE COMPANY	
	2019	2018
	MUR'M	MUR'M
Quoted - Level 1, recurring fair value	41.2	608.9
Unquoted - Level 2, recurring fair value	62.2	96.5
Unquoted - Level 3, recurring fair value	123.3	389.6
	226.7	1,095.0

(iv) Unquoted Level 2 securities include investments in entities which hold shares in quoted securities.

(The fair value of the Level 2 securities is based on the net assets value of the entities. The net asset value is based on the market price of the underlying quoted securities).

(v) Measurement of fair value - Level 3

The EBITDA multiple was used to estimate the fair value of investment in associates. The EBITDA multiple valuation model considers applying a multiple to the normalised earnings and discounting for risks.

The following tables show the valuation techniques used in measuring Level 3 in the statement of financial position, as well as the significant unobservable inputs used.

2019

Type	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value
				% MUR'M
Investment in associates		Multiple	5 - 5.4	+33%
	EBITDA multiple	Discount	15%-21%	-33%
				+7.55%
				-7.55%
				62.3
				(62.3)
				(10.4)
				10.4

Summarised information on investments in associates are disclosed in note 39.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) 2019

Equity investments at fair value through other comprehensive income included the following:

	THE GROUP			
	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
As previously reported	273.9	163.1	92.3	529.3
- Effect of prior year adjustments (note 47)	(63.8)	-	-	(63.8)
As restated	210.1	163.1	92.3	465.5
Additions	-	-	173.3	173.3
Disposals	(17.5)	-	-	(17.5)
Change in fair value recognised in OCI	(26.1)	(79.4)	(13.0)	(118.5)
At December 31,	166.5	83.7	252.6	502.8

Investments in equity investments at fair value through other comprehensive income are not subject to impairment.

(ii) 2018 - restated

Equity investments at fair value through other comprehensive income included the following:

	THE GROUP			
	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
As previously reported	232.9	150.5	-	383.4
- Effect of prior year adjustments (note 47)	(55.2)	-	-	(55.2)
As restated	177.7	150.5	-	328.2
Additions	-	-	74.8	74.8
Transfer from investments in associates (note 9(a)(ii))	-	-	30.5	30.5
Change in fair value recognised in OCI	32.4	12.6	(13.0)	32.0
At December 31,	210.1	163.1	92.3	465.5

(iii) 2019

Equity investments at fair value through other comprehensive income included the following:

	THE COMPANY			
	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
As previously reported	289.4	162.7	92.3	544.4
- Effect of prior year adjustments (note 47)	(63.8)	-	-	(63.8)
As restated	225.6	162.7	92.3	480.6
Additions	-	-	173.3	173.3
Disposals	(17.6)	-	-	(17.6)
Change in fair value recognised in OCI	(26.1)	(79.4)	(13.0)	(118.5)
At December 31,	181.9	83.3	252.6	517.8

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

(iv) 2018 - restated

Equity investments at fair value through other comprehensive income included the following:

	THE COMPANY			
	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
As previously reported	248.2	145.4	-	393.6
- Effect of prior year adjustments (note 47)	(55.2)	-	-	(55.2)
As restated	193.0	145.4	-	338.4
Additions	-	0.9	74.8	75.7
Transfer from investments in associates (note 9(b)(ii))	-	-	30.5	30.5
Change in fair value recognised in OCI	32.6	16.4	(13.0)	36.0
At December 31,	225.6	162.7	92.3	480.6

(v) Fair value through other comprehensive income financial assets include the following:

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
Quoted - Level 1	166.5	210.1	181.9	225.6
Unquoted - Level 2	83.7	163.1	83.3	162.7
Unquoted - Level 3	252.6	92.3	252.6	92.3
502.8	465.5	517.8	480.6	

(vi) Financial assets measured at fair value through other comprehensive income include the Company's/Group's strategic equity investments not held for trading and debt securities held to collect and sell. The Company/Group have made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

(vii) Investments in equity instruments at fair value through other comprehensive income are not subject to impairment.

(viii) Level 1

The fair value of quoted securities is based on published market prices.

Level 2

Unquoted securities include investments in entities which hold shares in quoted securities. The fair value of the Level 2 securities is based on the net assets value of the entities. The net asset value is based on the market price of the underlying quoted securities.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

(viii) Level 3

The significant unobservable inputs used in measuring the fair value of Level 3 securities are as follows:

Description	Fair values at December 31,		Valuation technique	Unobservable inputs
	2019	2018		
	MUR'M	MUR'M		
Investment in Inside Equity Fund (IEF)	252.6	92.3	IEF was set up as an investment fund with investments in unquoted equity securities classified under the level 3 fair value hierarchy. The value of the fund is determined by the underlying fair value of its investment. The investment in the fund is reflected by its net asset value (NAV). NAV has therefore been used as valuation technique.	The NAV of IEF is primarily based on the valuation of its underlying investments which are fair valued using price of recent transactions.

Sensitivity analysis

The following table indicates the approximate change in the Group's and Company's equity in response to reasonably possible changes in net asset value of investment.

	Impact on equity	
	2019	2018
	MUR'M	MUR'M
5% increase in Net Asset Value (2018: 5%)	12.6	4.6

(ix) Fair value through other comprehensive income financial assets are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
MUR	250.1	373.3	265.2	388.4
USD	252.7	92.2	252.6	92.2
	502.8	465.5	517.8	480.6

(x) One of the Company/Group's strategic investments is a 38.4% interest in Inside Equity Fund (the "Fund"). This investment is not accounted for using the equity method (as an associate) as the Company/Group do not have the power to participate in the Fund's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level and a contractual arrangement which enables the board to take all operational and strategic decisions without consultation with shareholders of the Fund.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

(xi) There have been no dividends arising on investments derecognised during the year while dividends received on investments held at year end amounted to MUR'M 4.3 (2018: MUR'M 5.7) for the Group and the Company.

11. OTHER FINANCIAL ASSETS AT AMORTISED COST

Loans to related parties (see note 42)

Loans to related parties (see note 42)

Loans to related parties (current) are unsecured, interest-free and repayable within one year.

(a) Impairment and risk exposure

There is no impairment loss on loans to related parties.

The carrying amounts of other financial assets at amortised cost represent the maximum credit exposure.

(b) The carrying amounts of the other financial assets at amortised cost are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
MUR	45.6	162.7	9.1	8.0
USD	-	0.3	-	-
Other currencies	-	1.7	-	-
	45.6	164.7	9.1	8.0

There is no exposure to price risk as the investments will be held to maturity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

12. FINANCIAL INSTRUMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

THE GROUP	Carrying amount				Fair value			
	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2019	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value								
Equity securities	502.8	-	-	502.8	166.5	83.7	252.6	502.8
	502.8	-	-	502.8	166.5	83.7	252.6	502.8
Financial assets not measured at fair value								
Trade and other receivables (note 12(i))	-	1,472.0	-	1,472.0				
Other financial assets at amortised cost	-	45.6	-	45.6				
Cash in hand and at bank	-	491.5	-	491.5				
	-	2,009.1	-	2,009.1				
Financial liabilities not measured at fair value								
Lease liabilities	-	-	36.1	36.1				
Borrowings	-	-	3,541.0	3,541.0				
Trade and other payables	-	-	903.6	903.6				
	-	-	4,480.7	4,480.7				

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

12. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classification and fair values (Cont'd)

THE GROUP	Carrying amount				Fair value			
	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2018	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value								
Equity securities	465.5	-	-	465.5	210.1	163.1	92.3	465.5
	465.5	-	-	465.5	210.1	163.1	92.3	465.5
Financial assets not measured at fair value								
Trade and other receivables (note 12(i))	-	1,051.5	-	1,051.5				
Other financial assets at amortised cost	-	164.7	-	164.7				
Cash in hand and at bank	-	387.6	-	387.6				
	-	1,603.8	-	1,603.8				
Financial liabilities not measured at fair value								
Borrowings	-	-	2,705.1	2,705.1				
Trade and other payables (note 12(ii))	-	-	1,025.8	1,025.8				
	-	-	3,730.9	3,730.9				

(i) Trade and other receivables as stated above exclude prepayments, deposits and taxes.

(ii) Trade and other payables as stated above exclude VAT payable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

12. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classification and fair values (Cont'd)

THE COMPANY	Carrying amount				Fair value			
	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2019	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value								
Investment in subsidiaries	13,072.3	-	-	13,072.3	-	969.9	12,102.4	13,072.3
Investment in associates	226.7	-	-	226.7	41.2	62.2	123.3	226.7
Equity securities	517.8	-	-	517.8	181.9	83.3	252.6	517.8
	13,816.8	-	-	13,816.8	223.1	1,115.4	12,478.3	13,816.8

Financial assets not measured at fair value

Trade and other receivables (note 12(iii))	-	59.6	-	59.6
Other financial assets at amortised cost	-	9.1	-	9.1
Cash in hand and at bank	-	12.2	-	12.2
	-	80.9	-	80.9

Financial liabilities not measured at fair value

Borrowings	-	-	860.3	860.3
Trade and other payables	-	-	30.3	30.3
	-	-	890.6	890.6

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

12. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classification and fair values (Cont'd)

THE COMPANY	Carrying amount				Fair value			
	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2018	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value								
Investment in subsidiaries	13,344.6	-	-	13,344.6	-	956.0	12,388.6	13,344.6
Investment in associates	1,095.0	-	-	1,095.0	608.9	96.5	389.6	1,095.0
Equity securities	480.6	-	-	480.6	225.6	162.7	92.3	480.6
	14,920.2	-	-	14,920.2	834.5	1,215.2	12,870.5	14,920.2

Financial assets not measured at fair value

Trade and other receivables (note 12(i))	-	11.8	-	11.8
Other financial assets at amortised cost	-	8.0	-	8.0
Cash in hand and at bank	-	49.4	-	49.4
	-	69.2	-	69.2

Financial liabilities not measured at fair value

Borrowings	-	-	527.3	527.3
Trade and other payables	-	-	21.3	21.3
	-	-	548.6	548.6

(iii) Trade and other receivables as stated above exclude deposits.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

13. BEARER BIOLOGICAL ASSETS

At January 1, and December 31,

Bearer biological assets (other than bearer plants) are stated at cost.

THE GROUP	
Deer farming	
2019	2018
MUR'M	MUR'M
-	7.4

14. LAND DEVELOPMENT EXPENDITURE

At January 1,

As previously reported

- Effect of prior year adjustments (note 47)

As restated

At December 31,

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
85.7	27.4
(85.7)	(27.4)
-	-
-	-

15. DEFERRED INCOME TAXES ASSETS/LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 5%/17%/25% (2018: 5%/17%/25%).

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

Deferred tax assets

Deferred tax liabilities

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
(193.5)	(181.7)
258.4	225.0
64.9	43.3

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
578.8	788.3

Unused tax losses available for offset against future taxable profits

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

15. DEFERRED INCOME TAXES ASSETS/LIABILITIES (CONT'D)

The tax losses expire on a rolling basis over 5 years as follows:

Year 1

Year 2

Year 3

Year 4

Year 5

THE GROUP	
2019	2018
MUR'M	MUR'M
20.7	273.9
37.0	17.2
202.3	37.0
251.8	208.4
67.0	251.8
578.8	788.3

Deferred tax assets have not been recognised on tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

- (b) The movement on the deferred income tax account is as follows:

At January 1,

- As previously reported

- Effect of prior year adjustments (note 47)

- As restated

Credited to profit or loss (note 27(b))

Credited to equity

At December 31,

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
99.1	91.0
(55.8)	(48.8)
43.3	42.2
0.8	(19.8)
20.8	20.9
64.9	43.3

- (c) The deferred income tax charged/(credited) to other comprehensive income during the year is as follows:

Fair value reserves in shareholders' equity:

- Land and building

- Retirement benefit obligation

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
36.3	7.4
(15.5)	13.5
20.8	20.9

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

15. DEFERRED INCOME TAXES ASSETS/LIABILITIES (CONT'D)

(d) Deferred tax assets and liabilities, deferred tax movement in profit or loss and equity are attributable to the following items:

	At January 1, 2019					At December 31, 2019
	As previously reported	Effect of prior year adjustments	As restated	Profit or Loss	Release to Equity	
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
THE GROUP						
Deferred income tax liabilities						
Accelerated tax depreciation	215.7	(1.7)	214.0	(0.7)	(0.1)	213.2
Asset revaluations	29.7	0.2	29.9	(10.4)	36.4	55.9
	245.4	(1.5)	243.9	(11.1)	36.3	269.1
Deferred income tax assets						
Accelerated tax depreciation	56.2	51.6	107.8	(8.9)	-	98.9
Tax losses carried forward	(0.6)	1.1	0.5	(0.3)	-	0.2
Right-of-use assets	-	-	-	1.1	-	1.1
Retirement benefit obligations	90.5	0.7	91.2	(4.3)	15.5	102.4
Provisions	0.2	0.9	1.1	0.5	-	1.6
	146.3	54.3	200.6	(11.9)	15.5	204.2
Net deferred income tax liabilities	99.1	(55.8)	43.3	0.8	20.8	64.9

2018

	At January 1, 2018					At December 31, 2019
	As previously reported	Effect of prior year adjustments	As restated	Profit or Loss	Release to Equity	
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
THE GROUP						
Deferred income tax liabilities						
Accelerated tax depreciation	161.8	(54.5)	107.3	(1.6)	-	105.7
Asset revaluations	29.6	6.5	36.1	(13.6)	7.4	29.9
	191.4	(48.0)	143.4	(15.2)	7.4	135.6
Deferred income tax assets						
Tax losses carried forward	5.2	(5.2)	-	-	-	-
Retirement benefit obligations	94.9	5.6	100.5	4.2	(13.5)	91.2
Provisions	0.3	0.4	0.7	0.4	-	1.1
	100.4	0.8	101.2	4.6	(13.5)	92.3
Net deferred income tax liabilities	91.0	(48.8)	42.2	(19.8)	20.9	43.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

16. INVENTORIES

- (a) Raw materials
Work-in-progress
Inventory property
Finished goods
Spare parts and consumables
Less: Provision for obsolescence

(b) The cost of inventories recognised as expense and included in cost of sales are as follows:

- Cost of inventories consumed in respect of other inventories
Cost of inventories consumed in respect of sales of completed inventory property

17. CONSUMABLE BIOLOGICAL ASSETS

- At January 1,
Net changes in fair value less estimated costs to sell
At December 31,

The fair value measurements for standing canes have been categorised as level 3 fair values based on the inputs.

At December 31, 2019, sugar canes comprised of approximately 4,841.09 hectares of sugar cane plantations (2018: 4,763 hectares). The Group manages sugar cane plantations on land that the Group owns and this land has been classified under "Property, plant and equipment" (note 5).

During the year, the Group harvested approximately 388,715 tonnes of canes (2018: 356,494 tonnes), which had a fair value less costs to sell of MUR'M 137.2 (2018: MUR'M 52.9) at the date of harvest.

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
307.2	314.8
42.7	45.1
24.1	41.4
450.2	394.2
267.4	247.4
(9.5)	(9.5)
1,082.1	1,033.4

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
2,086.7	3,108.8
28.4	77.4
2,115.1	3,186.2

THE GROUP	
Sugar cane	
2019	2018
MUR'M	MUR'M
52.9	98.8
84.3	(45.9)
137.2	52.9

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

17. CONSUMABLE BIOLOGICAL ASSETS (CONT'D)

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

THE GROUP	Key unobservable inputs	Range of unobservable inputs	
		2019	2018
Sugar cane	Cane maturity	20.00%	20.00%
	Price of sugar	11,600	8,800
	Extraction rate	10.5%	10.5%
	Estimated cane production in metric tonnes	380,000	380,000

An increase in each of the key unobservable inputs would give rise to an increase in the fair value of consumable biological assets.

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
Trade receivables	871.1	879.2	-	-
Less: allowance for impairment	(58.9)	(28.8)	-	-
Trade receivables - net	812.2	850.4	-	-
Dividend receivable	39.9	-	-	-
Short term loans	17.1	-	-	-
Receivable from related parties (Note 42)	14.1	14.4	56.3	11.8
Deposit on investments	163.4	38.1	161.4	-
Prepayments	51.7	38.4	-	-
Sugar proceeds receivable	415.6	150.0	-	-
Compensation receivable from SIFB	71.0	-	-	-
Other receivables	134.7	96.8	3.3	-
	1,719.7	1,188.1	221.0	11.8

The carrying amounts of trade and other receivables approximate their fair value. Other receivables comprise mainly of rental income and VAT receivable.

The Group and the Company made an assessment of impairment of 'other receivables' under the Expected Credit Losses (ECL) model and determined that the impairment is immaterial.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
MUR	1,503.1	1,023.6	221.0	11.8
USD	10.4	9.7	-	-
EUR	123.2	41.1	-	-
SCR	83.0	-	-	-
Other currencies	-	113.7	-	-
	1,719.7	1,188.1	221.0	11.8

(i) Impairment of trade and other receivables

Trade receivables

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31, 2019 was determined as follows for trade receivables:

THE GROUP	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2019					
Expected loss rate	3.9%	6.4%	20.6%	86.4%	
Gross carrying amount - Trade receivable	778.1	51.5	16.5	25.0	871.1
Loss allowance	(30.6)	(3.3)	(3.4)	(21.6)	(58.9)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (Cont'd)

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2018					
Expected loss rate	3.0%	2.6%	11.8%	76.5%	
Gross carrying amount – trade receivable	870.2	3.9	1.7	3.4	879.2
Loss allowance	(25.9)	(0.1)	(0.2)	(2.6)	(28.8)

The closing loss allowances for trade receivables as at December 31, reconcile to the opening loss allowances as follows:

	2019	Restated 2018
	MUR'M	MUR'M
Loss allowance as at January 1, 2019	28.8	35.7
Loss allowance recognised in profit or loss during the year	43.4	-
Receivables written off during the year as uncollectible	(13.3)	-
Unused amount reversed	-	(6.9)
At December 31, 2019	58.9	28.8

(ii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above except for other receivables and prepayments. The Group and the Company do not hold any collateral as security.

(iii) The Group and the Company consider a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

(iv) Write-off

The gross carrying amount of a financial asset is written off when the Group and the Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group and the Company individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and the Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

(v) Other receivables

The Group and the Company used the simplified impairment approach to calculate for its ECL. Management have used inferred proxies for the probability of default (PD) based on relevant jurisdictional sovereign Moody's ratings. A loss given default (LGD) proxy of 45% was used for counterparties based in Mauritius which is representative of the corporate client's exposure. For receivables who settled their balances after the year end, management used the sovereign PD and a lower LGD of 10%.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,				
- As previously reported	28.8	46.6	-	-
- Effect of prior year adjustments (note 47)	(28.8)	(46.6)	-	-
- As restated	-	-	-	-
Reclassified from investment in associates (note 9)	503.6	-	503.6	-
Fair value gain	77.1	-	77.1	-
At December 31,	580.7	-	580.7	-

For December 31, 2019, one of the associates was classified as held for sale following the decision of the Board to dispose of it in the forthcoming year.

Efforts to sell the investment in associates have started and a sale is expected to conclude within the next 12 months.

The associate being Level 1 quoted, the fair value less costs to sell was determined on the share price at year end.

The fair value gain is recognised through other comprehensive income at Company level and through profit or loss at Group level. The fair value gain has been recorded to the extent that it does not exceed the previous cumulative impairment losses that were previously recognised in accordance with IAS 36.

20. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2019 & 2018	
	No. of shares	MUR'M
Issued and fully paid		
Ordinary shares		
At December 31,	227.5	11,976.0

The total issued number of ordinary shares of TERRA Mauricia Ltd is 227,545,624 share of no par value each (2018: 227,545,624 shares). All issued shares are fully paid.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

21. REVALUATION AND OTHER RESERVES

THE GROUP	Notes	Revaluation and				Financial Assets at	
		Associates Reserves	Amalgamation Reserves	Actuarial Losses	Translation Reserve	FVOCI Reserve	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(i) At January 1, 2019							
-As previously reported		128.2	1,332.6	(194.4)	11.6	(277.8)	1,000.2
- Effect of prior year adjustments (note 47)		(249.4)	(289.5)	-	(11.6)	(22.3)	(572.8)
- Restatements (note 47(ac))		-	(24.2)	-	24.2	-	-
- As restated		(121.2)	1,018.9	(194.4)	24.2	(300.1)	427.4
Revaluation of land and buildings, net of impairment		-	1,125.0	-	-	-	1,125.0
Deferred tax on revaluation of buildings		-	(33.1)	-	-	-	(33.1)
Remeasurements of post employment benefit obligations		-	-	(85.5)	-	-	(85.5)
Deferred tax on remeasurements of post employment benefit obligations		-	-	14.8	-	-	14.8
Transfer of accumulated fair value losses upon disposal of equity investments at fair value through other comprehensive income		-	-	-	-	7.5	7.5
Release on disposal of land		-	(2.3)	-	-	-	(2.3)
Changes in fair value of equity instruments at fair value through other comprehensive income	10	-	-	-	-	(118.5)	(118.5)
Fair value gain on disposal of financial assets at fair value through other comprehensive income		-	-	-	-	2.0	2.0
Other movements		-	2.1	-	-	-	2.1
Movements in translation reserve		-	-	-	40.2	-	40.2
Share of other comprehensive income of associates	9	36.4	-	-	-	-	36.4
At December 31, 2019		(84.8)	2,110.6	(265.1)	64.4	(409.1)	1,416.0

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

21. REVALUATION AND OTHER RESERVES (CONT'D)

THE GROUP	Notes	Revaluation and				Financial Assets at	
		Associates Reserves	Amalgamation Reserves	Actuarial Losses	Translation Reserve	FVOCI Reserve	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(ii) At January 1, 2018							
-As previously reported		6.3	960.5	(272.8)	(3.0)	(339.1)	351.9
- Effect of prior year adjustments (note 47)		-	(456.6)	-	-	(13.7)	(470.3)
- Restatements (note 47(ac))		23.3	(41.2)	-	17.9	-	-
- As restated		29.6	462.7	(272.8)	14.9	(352.8)	(118.4)
Revaluation of land and buildings		-	540.9	-	-	-	540.9
Remeasurements of post employment benefit obligations		-	-	78.4	-	-	78.4
Release to retained earnings		-	5.1	-	-	20.7	25.8
Changes in fair value of equity instruments at fair value through other comprehensive income		-	-	-	-	32.0	32.0
Share of other comprehensive income of associates	9	(175.9)	-	-	-	-	(175.9)
Movements in translation reserve		-	-	-	9.3	-	9.3
Other movements		25.1	10.2	-	-	-	35.3
At December 31, 2018		(121.2)	1,018.9	(194.4)	24.2	(300.1)	427.4

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

21. REVALUATION AND OTHER RESERVES (CONT'D)

Associates reserves

Associates reserves comprise the cumulative change in other comprehensive income of associates.

Financial assets at fair value through OCI reserve

Financial assets at fair value through OCI reserve comprises the cumulative net change in financial assets through OCI that has been recognised in other comprehensive income until the investments are derecognised.

Translation reserve

The translation reserve consists of the foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation surplus relates to the revaluation of land and buildings.

Actuarial losses

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligation recognised.

Amalgamation reserve

This arose upon the amalgamation of HF Investments Ltd with Terra Mauricia Ltd, in 2012.

THE COMPANY

The Company's revaluation and other reserves are made up of amalgamation reserve and financial assets at fair value through other comprehensive income reserve.

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Non-current				
Bank loans (note 22(a))	165.1	232.0	-	-
Loans from related parties (note 42, 22(a))	-	10.6	-	-
Finance lease liabilities (note 22(c))	3.8	0.8	-	-
Other loans	8.0	-	-	-
Total non-current	176.9	243.4	-	-
Current				
Bank overdrafts (note 36(b))	39.9	31.1	-	6.3
Bank loans (note 22(a))	60.5	45.9	-	-
Loans from related parties (note 42, 22(a))	-	-	860.3	521.0
Finance lease liabilities (note 22(c))	0.4	5.5	-	-
Other loans	2.3	7.1	-	-
Money market lines (note 22(a))	3,261.0	2,372.1	-	-
	3,324.2	2,430.6	860.3	521.0
Total current	3,364.1	2,461.7	860.3	527.3
Total borrowings	3,541.0	2,705.1	860.3	527.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

22. BORROWINGS (CONT'D)

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
(a) Breakdown of loans				
Loans from related parties	-	10.6	860.3	521.0
Bank loans	225.6	277.9	-	-
Money market lines	3,261.0	2,372.1	-	-
	3,486.6	2,660.6	860.3	521.0
Less: Repayable within one year	(3,321.5)	(2,418.0)	(860.3)	(521.0)
Repayable after one year	165.1	242.6	-	-

(b) The maturity of non-current loans is as follows:

- after one year and before two years
- after two years and before five years

THE GROUP	
2019	2018
MUR'M	MUR'M
60.9	58.9
104.2	183.7
165.1	242.6

(c) Finance lease liabilities – minimum lease payments

- Not later than one year
- After 1 year and before 2 years
- After 2 years and before 5 years
- Future finance charges
- Present value of finance lease liabilities

THE GROUP	
2019	2018
MUR'M	MUR'M
0.4	5.7
0.3	0.4
3.6	0.4
4.3	6.5
(0.1)	(0.2)
4.2	6.3

The present value of finance lease liabilities may be analysed as follows:

Current

- Not later than one year

THE GROUP	
2019	2018
MUR'M	MUR'M
0.4	5.5

Non-Current

- After 1 year and before 2 years
- After 2 years and before 5 years

THE GROUP	
2019	2018
MUR'M	MUR'M
0.3	0.4
3.5	0.4
3.8	0.8

The rate of interest on the finance leases varies between 5.5% – 8.15% (2018: 7% – 8.15%) during the year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

22. BORROWINGS (CONT'D)

(d) The carrying amounts of non-current borrowings are not materially different from the fair value.

Non-current borrowings can be analysed as follows:

	THE GROUP	
	2019	2018
	MUR'M	MUR'M
- After one year and before two years		
Bank borrowings	60.9	58.9
Finance lease liabilities	0.3	0.4
	61.2	59.3
- After two years and before five years		
Bank borrowings	104.2	183.7
Finance lease liabilities	3.5	0.4
Other loans	8.0	-
	115.7	184.1
Total	176.9	243.4

(e) The rates of interest on MUR loans and other short term loans vary from 1% to 6.25% (2018: 1% to 6.25%) annually and on foreign currency loans – EUR Euribor 3 months +2.8% (2018: EUR Euribor 3 months +2.8%) annually.

(f) Money market lines are short term (1–3 months) borrowings with interest rates varying from 3% to 4%, renewable at the option of the Group.

(g) Borrowings are secured by fixed and floating charges on the land and buildings.

(h) The Group has secured bank loans with a total carrying amount of MUR'M 2,985.8 at December 31, 2019 (2018: MUR'M 2,238.1). These loans are repayable in full at maturity date with option to rollover. However the loans contained the following covenants:
 – Debt to equity ratio not exceeding 2:1
 – At any one point in time, utilisation under working capital facilities by the borrower availed from financing institutions shall not exceed MUR'M 2,500
 – Minimum interest cover of 1.5:1 to be maintained at all times otherwise the loans will be repayable on demand.

The Group exceeded its thresholds during 2019 and the threshold was still exceeded at December 31, 2019. However, management obtained waivers from the banks between March and June 2020. Accordingly, the loans were not repayable on demand at December 31, 2019.

(i) For the Group, loans from related parties are unsecured, short term and interest free.

(j) For the Company, loans from related parties are unsecured, short term and bear interest rates varying between 3.3% to 5%.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

23. LEASE LIABILITIES

THE GROUP

At January 1, 2019

– as previously reported

Impact of change in accounting policy (note 46)

– as restated

Interest expense

Lease payments

At December 31, 2019

Current

Non current

	Land	Buildings	Motor vehicles	Total
	MUR'M	MUR'M	MUR'M	MUR'M
– as previously reported	-	-	-	-
Impact of change in accounting policy (note 46)	11.2	47.0	3.3	61.5
– as restated	11.2	47.0	3.3	61.5
Interest expense	0.4	2.7	0.1	3.2
Lease payments	(6.0)	(22.4)	(0.2)	(28.6)
At December 31, 2019	5.6	27.3	3.2	36.1
Current				13.9
Non current				22.2
				36.1

(a) Nature of leasing activities (in the capacity as lessee)

The Group leases two plots of land from Government of Mauritius : (1) a portion of land and part of a Bassin in the district of Pamplemousses and (2) another portion of land in the district of Rivière du Rempart.

The Group also leases a number of commercial properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates.

The Group also leases 5 motor vehicles for use in its operations.

(b) Lease payments

The lease payments for the plot of land and portion of Bassin in Pamplemousses is a fixed yearly amount while the other plot of land in Riviere du Rempart is against consideration of a premium and annual rental which is adjusted every 3 years by reference to cumulative inflation based on Consumer Price Index (CPI) during the 3 year period which shall not exceed 15.8% in any case.

The lease payments for the commercial properties and motor vehicles are fixed yearly amounts.

(c) Lease term

The portion of land and part of Bassin in the district of Pamplemousses is for a period of 99 years as from August 7, 1963. The portion of land in the district of Riviere du Rempart is for a period of 60 years as from January 28, 2009.

The commercial properties are for a period of between 1 and 4 years.

The motor vehicles leases are for a period of 5 years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

23. LEASE LIABILITIES

(d)	2019	2018
	MUR'M	MUR'M
Interest expense (included in finance cost)	3.2	-
Total cash outflows	28.6	-

24. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
Amount recognised in the statement of financial position:		
Defined pension benefits	641.6	584.5
	641.6	584.5
Amount charged to profit or loss:		
- Defined pension benefits	64.2	65.4
- Defined contribution plan	23.4	20.8
	87.6	86.2
Amount charged/(credited) to other comprehensive income		
- Defined pension benefits	91.1	(67.9)
	91.1	(67.9)

(a) Defined pension benefits

- (i) Retirement benefit obligations comprise of the Group's pension schemes and of other post-retirement benefits. The pension schemes are defined benefit plans based on final salary and the assets of the plans are invested with the Sugar Insurance Pension Fund (SIPF) and a pension arrangement with an insurance company.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2019. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

- (ii) The amounts recognised in the statement of financial position are as follows:

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
Present value of funded obligations	1,114.5	1,016.8
Fair value of plan assets	(664.9)	(641.0)
	449.6	375.8
Present value of unfunded obligations	192.0	208.7
Liability in the statement of financial position	641.6	584.5

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
At January 1,	584.5	662.2
Charged to profit or loss	64.2	65.4
Charged/(credited) to other comprehensive income	91.1	(67.9)
Employer's contributions	(98.2)	(60.0)
Fair value adjustment on plan assets	-	(15.2)
At December 31,	641.6	584.5

- (iii) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
At January 1,	1,225.5	1,276.8
Current service cost	29.2	30.0
Interest cost	66.6	62.7
Employees' contributions	1.8	2.0
Effect of curtailments/settlements	2.0	-
Actuarial losses/(gains)	80.0	(70.1)
Benefits paid	(98.6)	(75.9)
At December 31,	1,306.5	1,225.5

- (iv) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP	
	2019	Restated 2018
	MUR'M	MUR'M
At January 1,	641.0	614.6
Interest income	36.4	30.5
Actuarial losses	(11.1)	(2.2)
Employers' contributions	98.2	60.0
Employees' contributions	1.8	2.0
Scheme expenses	(1.9)	(2.3)
Benefits paid	(98.6)	(75.9)
Cost of insuring risk benefits	(0.9)	(0.9)
Fair value adjustment on plan assets	-	15.2
At December 31,	664.9	641.0

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(v) The amount recognised in profit or loss are as follows:

Current service cost
Scheme expense
Cost of insuring risk benefits
Interest expense
Effects of curtailments/settlements
Total included in employee benefit expense

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
29.2	30.0
1.9	2.3
0.9	0.9
30.2	32.2
2.0	-
64.2	65.4

(vi) The amounts recognised in other comprehensive income are as follows:

Remeasurement on the net defined benefit liability:
Losses on pension scheme assets
Experience gains on the liabilities
Changes in assumption underlying the present value of the scheme
Actuarial losses/(gains) recognised in OCI

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
11.4	2.1
(30.1)	(9.9)
109.8	(60.1)
91.1	(67.9)

(vii) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

Local equities
Overseas equities
Fixed interest and properties
Qualifying insurance policies
Total market value of assets

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
113.3	136.6
131.8	183.6
296.9	260.6
122.9	60.2
664.9	641.0

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets.

The Company's ordinary shares are not included in the pension plan assets.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuation were:

Discount rate
Future salary growth rate
Future pension growth rate

THE GROUP	
2019	2018
MUR'M	MUR'M
4.7%-5.1%	5.5%-6.1%
3%-4%	3%-4%
0.0%	0.0%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Discount rate (1% increase)
Future salary growth (1% increase)

THE GROUP	
2019	2018
MUR'M	MUR'M
123.8	115.8
53.3	52.5

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

(x) The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated.

(xi) Risks Associated with the Pension promise/obligation. The Pension promise exposes the Group to actuarial risks such as longevity risk, interest rate risk, and salary risk.

(i) longevity risk – the liabilities disclosed are based on the mortality tables PA(92) for post-retirement mortality. Should the experience be less favorable than the standard mortality tables, the liabilities will increase.

(ii) interest rate risk – If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

(iii) salary risk – If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(xii) The funding requirement are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xiii) The Group is expected to contribute MUR'M 26.1 to the pension scheme for the year ending December 31, 2020.

(xiv) The actual return of the total assets for the year 2019 is MUR'M 25.3 (2018: MUR'M 27.2).

(xiv) The weighted average duration of the defined benefit obligation is 9.3 years at the end of the reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2019	Restated 2018	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Balance at January 1,	1,225.5	1,276.8	(641.0)	(614.6)	584.5	662.2
Included in profit or loss						
Current service cost	29.2	30.0	-	-	29.2	30.0
Employees' contributions	1.8	2.0	(1.8)	(2.0)	-	-
Scheme expenses	-	-	1.9	2.3	1.9	2.3
Cost of insuring risk benefit	-	-	0.9	0.9	0.9	0.9
Interest cost (income)	66.6	62.7	(36.4)	(30.5)	30.2	32.2
Effects of curtailments/settlements	2.0	-	-	-	2.0	-
	99.6	94.7	(35.4)	(29.3)	64.2	65.4
Included in OCI						
Remeasurement loss (gain) arising from:						
Actuarial loss/(gain)	80.0	(70.1)	11.1	2.2	91.1	(67.9)
	80.0	(70.1)	11.1	2.2	91.1	(67.9)
Others						
Contribution paid by the employer	-	-	(98.2)	(60.0)	(98.2)	(60.0)
Benefits paid	(98.6)	(75.9)	98.6	75.9	-	-
Fair value adjustment on plan assets	-	-	-	(15.2)	-	(15.2)
	(98.6)	(75.9)	0.4	0.7	(98.2)	(75.2)
Balance as at December 31,	1,306.5	1,225.5	(664.9)	(641.0)	641.6	584.5

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
Trade payables	456.4	637.1	-	0.1
Amounts due to subsidiaries (note 42)	-	-	3.2	1.1
Amounts due to related parties (note 42)	30.3	-	13.6	-
Sugar Insurance Premium	17.8	17.1	-	-
Accruals	346.2	199.6	2.2	-
Deposits	-	25.2	-	-
Others	52.9	155.3	11.3	20.1
	903.6	1,034.3	30.3	21.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

26. PROVISIONS

At January 1,
 - As previously reported
 - Effect of prior year adjustments (note 47)
 - As restated
 Movements during the year
 Reversal of provision
At December 31,

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
-	-
54.1	71.2
54.1	71.2
(3.1)	(17.1)
(25.0)	-
26.0	54.1

Centralisation in accordance with restructuring

Provisions for compensation payments in respect of restructuring were recognised after a formal plan was established and when the obligation was incurred. Estimates are regularly reviewed and adjusted as appropriate for new circumstances. The provision is expected to be settled in the next financial year. Movements relate solely to when expenditure is incurred.

27. TAXATION

(a) Liabilities/(assets) in the statements of financial position

At January 1,
 Over provision in previous years
 Tax recovered

THE GROUP		THE COMPANY	
2019	2018	2019	2018
MUR'M	MUR'M	MUR'M	MUR'M
28.3	20.6	(0.2)	0.7
(2.2)	0.8	(0.5)	(1.4)
1.2	-	-	-
27.3	21.4	(0.7)	(0.7)
65.6	60.9	0.3	0.5
(55.6)	(54.0)	-	-
37.3	28.3	(0.4)	(0.2)

Current tax on the adjusted profits for the year @ 3%/15%/25%/30% (2018: 3%/15%/25%/30%)

Tax paid

At December 31,

(b) Charge in profit or loss

Current tax on the adjusted profits for the year at 3%/15%/25%/30% (2018: 3%/15%/25%/30%)
 Under/(over) provision in previous years
 Deferred taxation (note 15)
 Charge for the year

THE GROUP		THE COMPANY	
2019	Restated 2018	2019	2018
MUR'M	MUR'M	MUR'M	MUR'M
65.6	60.9	0.3	0.5
0.7	(2.9)	0.2	(1.0)
0.8	(19.8)	-	-
67.1	38.2	0.5	(0.5)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

27. TAXATION (CONT'D)

(c) The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Profit before taxation	447.8	357.8	179.2	196.7
Tax calculated at a rate of 3%/15%/25%/30% (2018: 3%/15%/25%/30%)	64.7	48.3	26.9	29.5
Income not subject to tax	(10.5)	(42.4)	(26.9)	(36.0)
Expenses not deductible for tax purposes	12.9	5.1	0.3	7.0
Overprovision in previous years	0.7	(2.9)	0.2	(1.0)
Tax adjustments relating to prior years	(10.2)	(15.9)	-	-
Effect on changes in tax rate in deferred tax liabilities	9.5	46.0	-	-
	67.1	38.2	0.5	(0.5)

(d) The current tax rate differs as per the Group's activities and jurisdictions it operates in.

(e) Expenses not deductible for tax purposes comprise mostly of depreciation of property, plant and equipment, amortisation of intangible asset and loss on foreign exchange. Income not subject to tax mainly includes dividends received and interest income.

28. REVENUE

(a) The Group is organised into the following main business segments:

- Cane which includes sugar cane growing and milling activities.
- Power, which includes the production and sale of electricity processed from coal and *bagasse*.
- Brands, which includes the manufacturing, bottling and retailing of alcohol products and sale of consumable goods.
- Property & Leisure, which includes the rental of properties, property development and leisure services.
- Others, which include management and manufacture and sale of building materials, none of which constitute a separately reportable segment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

28. REVENUE (CONT'D)

2019	THE GROUP					THE COMPANY	
	Cane	Power	Brands	Property & Leisure	Others	Total	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Recognised at a point in time:							
Sale of goods	969.3	-	2,273.6	-	209.3	3,452.2	-
Sale of services	57.1	-	14.9	180.4	10.8	263.2	-
Sale of properties	-	-	-	33.6	-	33.6	-
Recognised over time:							
Sale of electricity	-	1,294.7	-	-	-	1,294.7	-
Dividend income	-	-	-	-	3.6	3.6	234.3
Total revenue from contracts with customers	1,026.4	1,294.7	2,288.5	214.0	223.7	5,047.3	234.3

2018 - restated	THE GROUP					THE COMPANY	
	Cane	Power	Brands	Property & Leisure	Others	Total	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Recognised at a point in time:							
Sale of goods	835.7	-	2,410.9	-	-	3,246.6	-
Sale of services	-	-	-	112.5	203.1	315.6	-
Sale of properties	-	-	-	172.6	-	172.6	-
Recognised over time:							
Sale of electricity	-	1,450.6	-	-	-	1,450.6	-
Dividend income	-	-	-	-	-	-	244.1
Total revenue from contracts with customers	835.7	1,450.6	2,410.9	285.1	203.1	5,185.4	244.1

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

28. REVENUE (CONT'D)

(b) Geographical segments

The Group's five reportable segments are managed locally and operate in the following main geographical areas:

	Sales		Total assets		Capital expenditure	
	2019	2018	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Mauritius	4,729.0	4,914.9	19,648.4	17,796.1	566.2	375.6
Côte d'Ivoire	40.2	10.4	766.4	723.8	-	-
Seychelles	278.1	260.1	152.5	129.5	1.6	6.1
	5,047.3	5,185.4	20,567.3	18,649.4	567.8	381.7

Sales revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

(c) Liabilities related to contracts with customers

At January 1,
 – Effect of prior year adjustments (note 47)
 As restated
 Cash received in advance
At December 31,

THE GROUP	
Contract liabilities	
2019	Restated 2018
MUR'M	MUR'M
-	-
25.9	-
25.9	-
43.8	25.9
69.7	25.9

Contract liabilities arise from the Group's property division, which engages in land development (morcellement).

29. OTHER INCOME

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	Restated 2018
	MUR'M	MUR'M	MUR'M	MUR'M
Interest income	1.9	11.6	-	0.2
Dividend income	0.6	5.2	-	-
Investment income	2.5	16.8	-	0.2
Profit on disposal of property, plant and equipment	231.8	245.8	-	-
SIFB compensation	71.0	37.4	-	-
Sundry income	15.3	-	-	-
Others	76.0	153.4	4.0	-
	396.6	453.4	4.0	0.2

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

30. IMPAIRMENT OF ASSETS AND ALLOWANCE FOR EXPECTED CREDIT LOSSES

Note	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets				
<i>Allowance for expected credit losses:</i>				
Trade and other receivables (note 18)	(i) 43.4	-	-	-
	43.4	-	-	-
Non-financial assets				
Land (notes 5 and 47(a))	(ii) 427.9	-	-	-
Bearer plants (note 5)	(iii) 32.4	-	-	-
Land conversion rights (note 7(a))	(iv) 98.3	-	-	-
Reversal of impairment on investment properties (note 6)	(v) (8.1)	-	-	-
	550.5	-	-	-
Impairment through OCI	(427.9)	-	-	-
	166.0	-	-	-
Net impairment and allowance for expected credit losses through profit or loss				

(i) A subsidiary of Terra Mauricia Ltd carried out an impairment assessment for its receivable from its associates which resulted in an impairment of MUR'M 43.4.

(ii) The poor performance and negative cash outflows of the agricultural business unit were indicators of a potential impairment of this Cash Generating Unit ("CGU"). The impairment was determined by comparing the carrying amount of agricultural land with its recoverable amount which was estimated based on its fair value less costs to sell; this resulted in an impairment of MUR'M 427.9. The amount was booked against land in Property, plant and equipment and against revaluation reserves through OCI.

The fair value was determined by an external, independent property valuer, Noor Dilmohamed & Associates who has the appropriate recognised professional qualifications.

The key assumptions used in arriving at the fair value are described in note 5(c). The costs to sell have been assumed to be land transfer tax of 5% and selling fees of 2.3% of the fair value of agricultural land.

(iii) The recoverable amount of the Cash Generating Unit ("CGU") has been determined using discounted cash flow technique on a 8-year period, which is the useful life of a bearer plant. The discount rate applied to cash flow projection is 9.1%. As a result of the analysis, management has recorded an impairment loss of MUR'M 32.4 (2018: MUR'M Nil) against its bearer plants during the financial year. The impairment charge is recorded in profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

30. IMPAIRMENT OF ASSETS AND ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONT'D)

Key assumptions used in recoverable amount calculations

The recoverable amount of the non-financial assets is most sensitive to the following assumptions:

Achieving forecasted selling price and tonnage of raw sugar

Selling price of sugar is regulated by the Mauritius Sugar Syndicate. For crop 2018, the ex-syndicate price of Raw Sugar was at MUR 8,800/ton and management has estimated that price would go up for crop 2019 to MUR 10,000/ton in 2020 and to MUR 12,000/ton for crop 2020 onwards; the main reason being producers leaving the market leading to a reduction in overall supply of sugar. The estimation was based on market research performed by management. Tonnage of sugar cane is expected to decrease year on year. By-products revenue has been maintained at the same level as final prices for year ended December 31, 2019.

Discount rate

Discount rate represents the current market assessment of the risks specific to a CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate (9.1%) calculation is based on the specific circumstances of the CGU and is derived from its weighted average cost of capital (WACC).

The fair valuation of the Cash Generating Unit of the Group falls under Level 3 of the fair value hierarchy.

Sensitivity to change in inputs to the valuation workings

The following table shows the valuation techniques used in determining fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	MUR'M
Bearer Plants	Discount rate	9.1%	1%	4.9
	Price of sugar	MUR 10,993 – MUR 12,049	MUR 1,000	86.3
	Extraction rate	10.50%	1%	114.3

- (iv) The Group's recoverable amount in respect of land conversion rights were valued by an external, independent property valuer, Noor Dilmohamed & Associates who has the appropriate recognised professional qualifications. Based on the sales comparison approach and after estimating costs to sell, land conversion rights were valued at MUR'M 142.3, resulting in an impairment loss of MUR'M 98.3.

The key assumptions used in arriving at the fair value less costs to sell were the price per Ha of MUR'M 2.5 based on similar recent transactions and a discount of 25% for registration costs, size and time.

- (v) Upon the revaluation exercise carried out by the independent property valuer, it was revealed that the fair value of a property impaired in previous years was higher than its carrying amount as at December 31, 2019. This resulted in a reversal of the impairment loss.

The key assumptions used in arriving at the fair value are described in note 5(c).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

31. PROFIT BEFORE FINANCE COSTS

The profit before finance costs is arrived at after:

Crediting:

Rental of land and buildings

Profit on sale of property, plant and equipment

Profit on sale of investment

and charging:

Depreciation on property, plant and equipment

– owned assets

– leased assets

Depreciation on investment properties

Depreciation on right-of-use asset

Amortisation of intangible assets

Employee benefit expense

THE GROUP	
2019	Restated 2018
MUR'M	MUR'M
125.9	140.6
231.8	245.8
–	6.0
340.8	345.0
0.5	2.8
8.4	4.4
18.6	–
8.9	5.7
1,030.7	865.1

32. EXPENSE BY NATURE

Depreciation and amortisation

Raw materials and consumables used

Employee benefit expense

Others

Total cost of sales, administrative expenses, distribution costs and other expenses

THE GROUP		THE COMPANY	
2019	Restated 2018	2019	2018
MUR'M	MUR'M	MUR'M	MUR'M
377.2	357.9	–	–
2,640.7	3,108.7	–	–
1,030.7	865.1	–	–
875.7	1,008.4	22.9	15.9
4,924.3	5,340.1	22.9	15.9

33. NET FINANCE COSTS

Finance income:

–Foreign exchange gain

–Interest income on finance lease

Finance cost:

–Interest expense on bank overdrafts

–Interest expense on loans repayable by instalments

–Interest expense on other loans not repayable by instalments

–Interest expense on lease liabilities

–Foreign exchange loss

–Others

THE GROUP		THE COMPANY	
2019	Restated 2018	2019	2018
MUR'M	MUR'M	MUR'M	MUR'M
(3.4)	(24.9)	–	–
(1.4)	–	–	–
(4.8)	(24.9)	–	–
6.4	1.5	–	–
17.3	14.7	–	–
87.8	91.7	36.2	31.7
3.2	–	–	–
7.2	–	–	–
0.9	–	–	–
122.8	107.9	36.2	31.7
118.0	83.0	36.2	31.7

Total – Net finance costs

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

34. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2019	Restated 2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Profit attributable to owners of the Company	262.8	197.3	178.7	197.2
Number of ordinary shares in issue	227.5	227.5	227.5	227.5
Basic and diluted earnings per share (MUR)	1.16	0.87	0.79	0.87

35. DIVIDENDS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,	-	-	-	-
Final ordinary declared – 85 cents per share (2018: 85 cents)	193.4	193.4	193.4	193.4
Dividends paid during the year	(193.4)	(193.4)	(193.4)	(193.4)
Dividends declared by subsidiaries to non-controlling interests	115.3	117.3	-	-
Dividends paid to non-controlling interests	(115.3)	(117.3)	-	-
At December 31,	-	-	-	-

36. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

At December 31, 2019

	THE GROUP				
	At January 1, 2019	Cash flows	Non-cash changes Acquisition	Foreign exchange movement	At December 31, 2019
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Borrowings	2,667.7	829.2	-	-	3,496.9
Finance lease liabilities	6.3	(2.1)	-	-	4.2
Total liabilities from financing activities	2,674.0	827.1	-	-	3,501.1

At December 31, 2018

	THE GROUP				
	At January 1, 2018	Cash flows	Non-cash changes Acquisition	Foreign exchange movement	At December 31, 2018
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Borrowings	2,558.2	(546.7)	656.2	-	2,667.7
Finance lease liabilities	16.8	(10.5)	-	-	6.3
Total liabilities from financing activities	2,575.0	(557.2)	656.2	-	2,674.0

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

36. NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

(a) Reconciliation of liabilities arising from financing activities (Cont'd)

At December 31, 2019

	THE COMPANY				
	At January 1, 2019	Cash flows	Non-cash changes Acquisition	Foreign exchange movement	At December 31, 2019
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Borrowings	521.0	339.3	-	-	860.3

At December 31, 2018

	THE COMPANY				
	At January 1, 2018	Cash flows	Non-cash changes Acquisition	Foreign exchange movement	At December 31, 2018
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Borrowings	616.2	(95.2)	-	-	521.0

(b) Cash and cash equivalents

Cash in hand and at bank
Bank overdrafts (note 22)

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Cash in hand and at bank	491.5	387.6	12.2	49.4
Bank overdrafts (note 22)	(39.9)	(31.1)	-	(6.3)
	451.6	356.5	12.2	43.1

The cash and cash equivalents are held with banks and financial institution counterparties, which are rated Baa2 to Baa3, based on ratings of Moody's.

The Group considers that its cash in hand and at bank have low credit risk based on the external credit ratings of the counterparties.

The amount of impairment allowance at December 31, 2019 is nil (2018: nil).

(c) Non cash transactions

The principal non cash transactions are:

- (i) acquisitions of right-of-use assets (note 5A) and its corresponding lease liabilities (note 23).
- (ii) Investment in associate through offset of loans receivables amounting to MUR'M 65.5 (note 9).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

37. ACQUISITION OF A SUBSIDIARY

Acquisition of subsidiary

Belle Vue Rum Ltd

At December 31, 2018, the Group held 50% of the share capital of Belle Vue Rum Ltd.

The investment held was classified as investment in associate as the Group did not have control over Belle Vue Rum Ltd (note 39).

The Group initially acquired 50% of the share capital of Belle Vue Rum Ltd for MUR'M 1.

On September 29, 2019 the Group acquired the remaining 50% of the share capital and obtained the control of Belle Vue Rum Ltd holding 100% of its share capital.

The main activity of the company is freeport operations.

This transaction has resulted in the recognition of a fair value gain on business combination at date of acquisition as follows:

	MUR'M
Fair value on business combination	3.3
Less: carrying amount of investment on the date of change in control	(1.0)
Fair value gain on business combination	<u>2.3</u>

The fair value gain on business combination of MUR'M 2.3 arising from the acquisition was written back to the statement of profit or loss.

The following table summarises the consideration paid for Belle Vue Rum Ltd and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration	MUR'M
<i>At September 29, 2019</i>	
Cash	2.6
Total consideration transferred	<u>2.6</u>
Fair value on business combination	<u>3.3</u>
Total consideration	<u>5.9</u>

Recognised amounts of identifiable assets acquired and liabilities assumed

	MUR'M
Intangible assets	0.3
Inventories	4.5
Trade and other receivables	6.7
Cash and cash equivalents	6.7
Trade and other payables	(4.1)
Borrowings	(7.4)
Total identifiable net assets	<u>6.7</u>
Gain on bargain purchase	<u>(0.8)</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

37. ACQUISITION OF A SUBSIDIARY (CONT'D)

Acquisition of subsidiary (Cont'd)

The gain on bargain purchase of MUR'M 0.8 arising from the acquisition was recognised in the statement of profit or loss in other income.

The gain resulted mainly from the bargaining power of the Group.

For the three months ended December 31, 2019, Belle Vue Rum Ltd contributed revenue of MUR'M 6.4 and profit of MUR'M 1.36 to the Group's results. If the acquisition had occurred on January 1, 2019, management estimates that consolidated revenue would have been MUR'M 14.9, and consolidated profit for the year would have been MUR'M 4.3.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2019.

Taking control of Belle Vue Rum Ltd implies the acquisition of the brand Lazy Dodo (Rum) which has good equity and a network of distributors throughout Europe.

We are confident in the brand's potential given its acceptance in different markets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

38. SUBSIDIARIES

(a) The financial statements of the following subsidiaries have been included in the consolidated financial statements.

	Type of shares held	Stated capital	2019		2018		Principal activity		
			% holding	% held by other group companies	% held by other group companies	% held by non-controlling interests			
		MUR							
Terra Milling Ltd	Ordinary	56,657,480	-	80.00	20.00	-	80.00	20.00	Sugar
Terragen Ltd	Ordinary	520,523,500	-	51.00	49.00	-	51.00	49.00	Energy
Terra Brands Ltd	Ordinary	12,000,000	100.00	-	-	100.00	-	-	Investment
Grays Inc Ltd	Ordinary	83,280,000	-	74.00	26.00	-	74.00	26.00	Commercial
Grays Distilling Ltd	Ordinary	20,738,000	-	66.67	33.33	-	66.67	33.33	Manufacturing
Terra Services Ltd	Ordinary	25,000	100.00	-	-	100.00	-	-	Services
Ivoirel Limitée	Ordinary	29,443,274	100.00	-	-	100.00	-	-	Investment
									Property management
Sagiterra Ltd	Ordinary	25,000	100.00	-	-	100.00	-	-	Property management
Société Proban	Parts d'intérêts	8,100,000	83.34	-	16.66	83.34	-	16.66	Investment
International Brands Ltd	Ordinary	3,635	-	100.00	-	-	100.00	-	Investment
Terra Foundation	Ordinary	10,000	100.00	-	-	100.00	-	-	Social Activities
Fondation Nemours Harel	Parts d'intérêts	10,000	75.00	-	25.00	75.00	-	25.00	Cultural Activities
Société Evapo	Parts d'intérêts	16,525,000	-	66.67	33.33	-	66.67	33.33	Investment
Terrarock Ltd	Ordinary	15,000,000	-	54.00	46.00	-	54.00	46.00	Manufacturing
Terragri Ltd	Ordinary	722,455,070	100.00	-	-	100.00	-	-	Sugar
Terra Finance Ltd	Ordinary	500,000	100.00	-	-	100.00	-	-	Treasury
Terravest Holding Ltd	Ordinary	130,860,000	100.00	-	-	100.00	-	-	Investment
Sugarworld Limited	Ordinary	45,238,456	95.24	-	4.76	95.24	-	4.76	Commercial
Les Chais de L'Isle de France Ltée	Ordinary	3,000,000	-	100.00	-	-	100.00	-	Commercial
Terragen Management Ltd	Ordinary	100,000	-	61.75	38.25	-	61.75	38.25	Services
Intendance Holding Ltd	Ordinary	1,647,700	100.00	-	-	100.00	-	-	Investment
Beau Plan Cellars Ltd	Ordinary	10,000,000	-	100.00	-	-	100.00	-	Manufacturing
Beau Plan Retail Park Ltd	Ordinary	407,300,000	-	100.00	-	-	100.00	-	Real Estate
Providence Warehouse Ltd	Ordinary	10,000	-	50.00	50.00	-	50.00	50.00	Commercial
									Property management
Beau Plan Development Ltd	Ordinary	1,155,000,000	-	100.00	-	-	100.00	-	Property management
East Indies Company Ltd	Ordinary	2,500,000	-	100.00	-	-	100.00	-	Dormant
Mon Rocher School Holding Ltd	Ordinary	1	-	100.00	-	-	100.00	-	Dormant
									Freeport operations
Belle Vue Rum Ltd	Ordinary	2,000,000	-	100.00	-	-	-	-	Freeport operations

(a) The above subsidiaries are incorporated and operate in Mauritius except for the following:

- Ivoirel Limitée, whose country of operation is Côte d'Ivoire;
- Providence Warehouse Ltd, whose country of operations is Seychelles.

(b) For December 31, 2019 and 2018, the Group accounts for its investments in Providence Warehouse Ltd as subsidiary although the Group holds 50% of the issued share capital as the Group has control over the investment due to appropriate representation at board level.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

38. SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests

Details for subsidiaries that have non-controlling interests that are material to the Company:

2019

Terragen Ltd
Terra Milling Ltd
Grays Inc Ltd

2018 - Restated

Terragen Ltd
Terra Milling Ltd
Grays Inc Ltd

(c) Summarised financial information on subsidiaries with material non-controlling interests

(i) Summarised statement of financial position of Terragen Ltd:

Non-current assets
Current assets
Non-current liabilities
Current liabilities
Total equity

	Profit/(loss) allocated to Non-controlling interests during the year	Accumulated Non-controlling interests at Dec 31,
	MUR'M	MUR'M
2019	78.5	692.7
	(9.8)	118.9
	16.5	84.5
2018 - Restated	98.3	712.4
	(10.0)	75.7
	26.0	79.8

Summarised statement of profit or loss and other comprehensive income of Terragen Ltd:

Revenue
Expenses
Other income
Net finance (costs)/income
Profit before tax
Taxation
Profit for the year

Other comprehensive income

Total comprehensive income

	2019	Restated 2018
	MUR'M	MUR'M
Non-current assets	1,313.3	1,371.3
Current assets	504.8	585.1
Non-current liabilities	(181.5)	(192.9)
Current liabilities	(223.0)	(309.6)
Total equity	1,413.6	1,453.9
Revenue	1,310.7	1,467.1
Expenses	(1,125.8)	(1,236.1)
Other income	2.8	2.9
Net finance (costs)/income	(3.9)	0.5
Profit before tax	183.8	234.4
Taxation	(23.5)	(33.7)
Profit for the year	160.3	200.7
Other comprehensive income	(25.4)	(0.4)
Total comprehensive income	134.9	200.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

38. SUBSIDIARIES (CONT'D)

(c) Summarised financial information on subsidiaries with material non-controlling interests (cont'd)

Summarised cash flow information of Terragen Ltd:	2019	Restated 2018
	MUR'M	MUR'M
Net cash inflow from operating activities	161.3	423.2
Net cash outflow from investing activities	(33.8)	(119.8)
Net cash outflow from financing activities	(175.0)	(245.0)
Net cash (outflow)/inflow	(47.5)	58.4

The summarised financial information above is the amount before intra-group eliminations.

(ii) Summarised statement of financial position of Terra Milling Ltd:	2019	Restated 2018
	MUR'M	MUR'M
Non-current assets	929.7	736.7
Current assets	441.9	304.2
Non-current liabilities	(289.4)	(315.7)
Current liabilities	(487.9)	(346.7)
Total equity	594.3	378.5

Summarised statement of profit or loss and other comprehensive income of Terra Milling Ltd:

	2019	Restated 2018
	MUR'M	MUR'M
Revenue	506.9	383.2
Expenses	(613.5)	(450.2)
Other income	96.2	32.7
Finance costs	(37.5)	(16.8)
Loss before tax	(47.9)	(51.1)
Taxation	(1.1)	1.4
Loss for the year	(49.0)	(49.7)
Other comprehensive income	264.8	13.6
Total comprehensive income	215.8	(36.1)

Summarised cash flow information of Terra Milling Ltd:	2019	Restated 2018
	MUR'M	MUR'M
Net cash (outflow)/inflow from operating activities	(18.2)	53.1
Net cash outflow from investing activities	(58.4)	(18.5)
Net cash inflow/(outflow) from financing activities	86.7	(42.0)
Net cash inflow/(outflow)	10.1	(7.4)

The summarised financial information above is the amount before intra-group eliminations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

38. SUBSIDIARIES (CONT'D)

(iii) Summarised statement of financial position of Grays Inc Ltd:

	2019	Restated 2018
	MUR'M	MUR'M
Non-current assets	234.4	201.9
Current assets	1,122.3	1,097.3
Non-current liabilities	(161.5)	(130.8)
Current liabilities	(870.1)	(861.4)
Total equity	325.1	307.0

Summarised statement of profit or loss and other comprehensive income of Grays Inc Ltd:

	2019	Restated 2018
	MUR'M	MUR'M
Revenue	1,784.4	1,920.5
Expenses	(1,692.8)	(1,809.5)
Other income	10.5	12.6
Finance costs	(22.1)	(11.3)
Profit before tax	80.0	112.3
Taxation	(16.4)	(12.3)
Profit for the year	63.6	100.0
Other comprehensive income	-	(14.1)
Total comprehensive income	63.6	85.9

Summarised cash flow information of Grays Inc Ltd:

	2019	Restated 2018
	MUR'M	MUR'M
Net cash inflow from operating activities	49.0	36.7
Net cash outflow from investing activities	(25.3)	(35.6)
Net cash (outflow)/inflow from financing activities	(14.9)	191.9
Net cash inflow	8.8	193.0

The summarised financial information above is the amount before intra-group eliminations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

39. ASSOCIATES

(a) Summarised financial information and details of each of the material associates is set out below:

	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenues		Dividend received		Profit/(loss)	
	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Alcohol & Molasses Export Ltd	24.3	28.0	4.6	3.8	7.5	7.0	2.0	1.4	53.9	77.3	15.0	-	12.4	(0.9)
Anytime Investment Ltd	0.1	-	84.2	64.3	-	0.1	-	-	-	-	-	-	-	3.0
Coal Terminal (Management) Co Ltd	20.8	27.0	55.9	5.4	26.6	21.6	46.0	7.4	191.3	82.4	-	-	0.5	0.2
Horus Ltée	26.0	-	203.5	378.4	28.2	2.1	-	-	-	-	-	-	(0.1)	4.1
Swan General Ltd	9,488.2	8,031.0	43,913.0	40,371.4	1,385.5	949.9	48,118.0	44,183.5	6,419.6	5,925.2	119.2	99.3	672.2	712.6
New Fabulous Investment Ltd	0.1	-	84.2	64.3	-	0.1	-	-	-	-	-	-	-	3.0
New Goodwill Co. Ltd	472.0	447.3	25.4	23.0	196.6	193.7	68.0	-	1,791.4	1,861.7	85.1	85.1	110.0	50.8
Rehm Grinaker Construction Co. Ltd	952.5	702.5	204.8	17.7	927.6	670.0	97.0	23.0	1,249.4	1,119.1	-	-	-	-
Rehm Grinaker Properties Co Ltd	-	2.3	-	167.5	-	12.3	-	77.8	-	14.7	-	-	12.3	4.0
Topterra Ltd	27.0	21.0	66.0	70.4	53.8	40.7	7.0	15.1	17.3	18.0	-	-	(4.5)	0.5
Commada Ltd	0.8	0.6	288.7	267.8	153.7	141.2	-	-	-	-	-	-	(2.9)	14.9
Sucrivoire S.A	2,349.9	2,668.9	2,995.3	3,198.6	2,563.0	2,418.3	584.0	3,449.2	3,477.3	3,617.9	-	86.6	(505.9)	(193.4)
United Investment Limited	-	2.7	-	-	-	0.4	-	-	-	30.3	-	-	-	63.9
Terravest Limited	198.6	192.7	257.9	211.9	190.3	166.7	92.0	90.7	478.4	444.4	-	-	32.9	16.5
Thermal Valorisation Co Ltd	23.5	67.7	858.6	879.4	97.1	123.8	335.0	552.8	124.3	53.8	-	-	(7.5)	(13.2)
United Docks Ltd	22.3	22.8	2,473.4	2,364.0	237.7	151.3	185.0	159.9	64.9	32.0	-	-	18.0	26.2
Belle Vue Rum Ltd	-	17.1	-	0.4	-	9.4	-	3.0	-	7.7	-	-	-	1.5
Distillerie de Bois Rouge Ltd	4.4	4.4	-	-	8.0	7.6	3.6	3.6	-	-	-	-	(0.4)	(0.6)
Grays Uganda Ltd	6.5	6.5	5.3	5.3	8.4	8.4	-	-	-	14.2	-	-	-	(9.6)
Inside Capital Partners Ltd	7.3	13.9	0.3	0.4	5.7	11.4	-	-	37.5	28.2	-	-	9.9	(8.7)
Payment Express Ltd	34.4	26.8	249.2	227.1	120.4	91.8	43.0	49.7	130.9	149.2	-	-	7.9	3.0
Beau Plan Campus Ltd	51.7	31.8	578.5	579.1	53.4	51.7	240.0	269.0	69.4	46.2	-	-	46.6	32.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

39. ASSOCIATES (CONT'D)

(a) Summarised financial information and details of each of the material associates is set out below (cont'd):

	OCI		Total comprehensive income		% holding		Financial period ended	Country of incorporation	Principle place of business	Nature of business
	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated				
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M				
Alcohol & Molasses Export Ltd	(1.0)	-	11.4	(0.9)	41.87	41.87	June 30,	Mauritius	Mauritius	Strategic procurement
Anytime Investment Ltd	-	-	-	3.0	24.50	24.50	June 30,	Mauritius	Mauritius	Investment holding
Coal Terminal (Management) Co Ltd	-	-	0.5	0.2	15.43	15.43	December 31,	Mauritius	Mauritius	Procurement and logistics of coal
Horus Ltée	-	-	(0.1)	4.1	50.00	50.00	June 30,	Mauritius	Mauritius	Investment holding
Swan General Ltd	119.1	(154.0)	791.3	558.6	34.03	34.03	December 31,	Mauritius	Mauritius	Insurance
New Fabulous Investment Ltd	-	-	-	3.0	24.50	24.50	June 30,	Mauritius	Mauritius	Investment holding
New Goodwill Co. Ltd	-	-	110.0	50.8	33.33	33.33	June 30,	Mauritius	Mauritius	Rum bottling and distribution
Rehm Grinaker Construction Co. Ltd	-	-	-	-	35.49	35.49	June 30,	Mauritius	Mauritius	Construction
Rehm Grinaker Properties Co Ltd	11.0	-	23.3	4.0	-	35.49	June 30,	Mauritius	Mauritius	Real Estate
Topterra Ltd	-	-	(4.5)	0.5	33.33	33.33	June 30,	Mauritius	Mauritius	Production and distribution of liquid fertiliser
Commada Ltd	-	(36.4)	(2.9)	(21.5)	50.00	50.00	December 31,	Mauritius	Mauritius	Investment holding
Sucrivoire S.A	-	-	(505.9)	(193.4)	25.50	25.50	December 31,	Côte d'Ivoire	Côte d'Ivoire	Sugar production
United Investments Limited	-	-	-	63.9	-	29.03	June 30,	Mauritius	Mauritius	Investment holding
Terravest Limited	(6.9)	-	26.0	16.5	26.67	26.67	December 31,	Mauritius	Mauritius	Management company
Thermal Valorisation Co Ltd	-	-	(7.5)	(13.2)	17.85	17.85	December 31,	Mauritius	Mauritius	Energy
United Docks Ltd	(16.8)	(0.2)	2.4	26.0	15.18	15.18	June 30,	Mauritius	Mauritius	Real estate
Belle Vue Rum Ltd	-	-	-	1.5	-	37.00	December 31,	Mauritius	Mauritius	Freeport operations
Distillerie de Bois Rouge Ltd	-	-	(0.4)	(0.6)	33.33	33.33	July 31,	Mauritius	Mauritius	Dormant
Grays Uganda Ltd	-	-	-	(9.6)	22.20	22.20	December 31,	Mauritius	Mauritius	Dormant
Inside Capital Partners Ltd	-	-	9.9	(8.7)	36.75	24.50	December 31,	Mauritius	Mauritius	Fund management
Payment Express Ltd	-	-	7.9	3.0	27.83	27.80	June 30,	Mauritius	Mauritius	Payment service provider
Beau Plan Campus Ltd	-	-	46.6	32.3	40.00	40.00	December 31,	Mauritius	Mauritius	Real estate

(i) Investment in United Investments Limited was reclassified to Non-current asset held for sale (note 19).

(ii) During the year ended December 31, 2019 Rehm Grinaker Properties Co. Ltd amalgamated with Rehm Grinaker Construction Co. Ltd and the latter became the surviving company.

(iii) During the year ended December 31, 2019 the Group acquired an additional stake and gained control in Belle Vue Rum Ltd (note 37). The investment was reclassified from Investment in associates.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

39. ASSOCIATES (CONT'D)

(b) For December 31, 2019 and 2018, the Group accounts for its investments in Coal Terminal (Management) Co Ltd and United Docks Ltd as associates although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation on the Board of Directors of these associated companies.

For December 31, 2019 and 2018, the Group accounts for its investments in Horus Ltée and Commada Ltd as associate although the Group holds 50% of the issued share capital as the Group does not have control over the investment due to insufficient representation at board level.

(c) Reconciliation of summarised financial information

December 31, 2019	Carrying amount							
	Opening balance	Additions/ (Redemptions)	Share of profit/(loss) for the year	Dividends	Impairment	Share of OCI for the year	Translation reserves	Closing balance
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Investment in associates								
Alcohol & Molasses Export Ltd	9.8	-	5.2	(6.3)	-	(0.4)	-	8.3
Horus Ltée	186.7	-	1.6	-	-	-	-	188.3
Swan General Ltd	1,052.3	-	194.8	(40.5)	-	40.4	-	1,247.0
New Goodwill Co. Ltd	68.0	-	36.7	(28.4)	-	-	-	76.3
Rehm Grinaker Construction Co. Ltd	9.6	-	4.4	-	-	0.8	-	14.8
Topterra Ltd	18.4	-	(2.3)	-	(16.1)	-	-	-
Commada Ltd	28.1	-	(1.5)	-	-	-	2.1	28.7
Sucrivoire S.A	665.0	-	(129.0)	-	-	(2.4)	26.9	560.5
Terravest Limited	39.9	-	8.8	-	-	(1.8)	(0.4)	46.5
Thermal Valorisation Co Ltd	94.7	65.5	(2.6)	-	-	-	-	157.6
Inside Capital Partners Ltd	-	(1.7)	3.6	-	-	-	(1.2)	0.7
Payment Express Ltd	32.9	-	0.5	-	(33.4)	-	-	-
United Docks Ltd	125.2	-	1.1	-	-	(1.0)	-	125.3
Beau Plan Campus Ltd	110.8	-	18.6	-	-	-	5.3	134.7
	2,441.4	63.8	139.9	(75.2)	(49.5)	35.6	32.7	2,588.7

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

39. ASSOCIATES (CONT'D)

(d) Information presented in aggregate for the associates that are not individually significant:

	2019 MUR'M	2018 MUR'M
Carrying amount of interests	35.5	7.1
Group's share of profit	31.0	-
Group's share of other comprehensive income	0.8	-
Group's share of total comprehensive income	31.8	-

40. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	THE GROUP	
	2019 MUR'M	2018 MUR'M
Property, plant and equipment	58.2	292.6
Investment properties	926.2	403.9
Inventory work in progress	25.2	-
	1,009.6	696.5

41. PARENT AND ULTIMATE HOLDING ENTITY

The Board of Directors considers Société de Nemours, constituted in Mauritius, as the parent and ultimate holding entity of TERRA Mauricia Ltd.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

42. RELATED PARTY TRANSACTIONS

Related parties are individuals and companies where the individual or the company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions.

	Purchases of services	Sales of services and others	Amount receivable	Amount payable	Interest expense	Dividends
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(i) THE GROUP						
<u>2019</u>						
Associates	120.4	41.7	59.7	11.5	0.1	75.2
Enterprises with common directors	58.7	0.3	-	18.8	-	-
	179.1	42.0	59.7	30.3	0.1	75.2
<u>2018</u>						
Associates	22.1	19.4	168.1	10.6	33.5	84.2
Enterprises with common directors	27.4	3.0	11.0	-	-	-
	49.5	22.4	179.1	10.6	33.5	84.2

During the financial year ended December 31, 2019, the Group received a performance security guarantee for MUR'M 51 from an associate which will expire on September 30, 2021 (2018 : nil). The Group also received an advance payment guarantee for MUR'M 30 which will expire on September 30, 2020 (2018 : Nil).

Amounts receivable from and payable to related parties are unsecured, interest-free and repayable within one year. Non-current related party receivable is unsecured, interest-free and repayment is not expected to be requested within one year.

Impairment loss on trade receivables from an associate amounted to MUR'M 43.4.

Details of impairment of associates are disclosed in note 9(a)(ii).

Dividends paid to non-controlling interests amounting to MUR'M 115.3 (2018: MUR'M 117.3) are disclosed in the Group statement of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

42. RELATED PARTY TRANSACTIONS (CONT'D)

	Amount receivable	Amount payable	Borrowings	Interest expense	Dividend income
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(ii) THE COMPANY					
<u>2019</u>					
Associates	14.0	13.6	-	-	6.3
Subsidiaries	51.4	3.2	860.3	36.2	223.7
	65.4	16.8	860.3	36.2	230.0
<u>2018</u>					
Associates	15.7	-	-	-	-
Subsidiaries	4.1	1.1	521.0	31.7	238.3
	19.8	1.1	521.0	31.7	238.3

None of the balances is secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

Refer to note 22 for terms and conditions of borrowings and note 11/18 for amounts receivables.

Letter of comfort given to a wholly owned subsidiary is disclosed in note 43 (c).

Dividends paid to shareholders amounting to MUR'M 193.4 (2018: MUR'M 193.4) are disclosed in Company's statement of cash flows.

(iii) Key management personnel

Key management personnel consists of personnel employed by the Group and its subsidiaries who can exercise direct control on major parts of the Group/Company's activities and resources. The key management personnel compensation comprised the following:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	MUR'M	MUR'M	MUR'M	MUR'M
Salaries and short term employee benefits	87.3	86.8	-	-
Post employment benefits	9.4	8.8	-	-
Other benefits	2.1	2.0	-	-
	98.8	97.6	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

43. CONTINGENT LIABILITIES

(a) Court cases

(i) Previous distillers

An agreement was reached in 1979 between five enterprises (including a subsidiary of the Group) for the sale and sharing thereof of alcohol produced from molasses and sold in Mauritius. The agreement was terminated in 2000. There is currently a dispute over the compensation payable upon termination to two partners, who are claiming MUR'M 58.4 from the other partners, (including a subsidiary of the Group). A ruling was delivered in August 2012 by the Judge of the Commercial Court to the effect that the matter should be referred to arbitration. However, the parties have given notice of appeal of that judgement. The appeal was called in March 2014, when some points of laws were raised. On November 20, 2014, arguments were heard on the points of law and the judge has delivered his ruling on December 11, 2015, allowing the appeal to proceed. The appeal was heard on February 22, 2017 and the Court has ruled, on November 1, 2018, that the case should be referred to the Supreme Court (Commercial Division). The case is ongoing.

(ii) Ex-employees of Beau Plan Sugar Factory

There is currently a claim to a subsidiary for damages from ex-employees of Beau Plan Sugar Factory for MUR'M 130.0 in respect of breach of contract. The court case is ongoing.

(iii) Irrigation Authority

There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to June 30, 2018 amounting to MUR'M 45.1. The matter has been referred to an Arbitration Board as provided by the water supply agreement existing between the Irrigation Authority and Terragri Ltd.

(iv) Dissenting shareholders

Following the special meeting of Harel Frères Limited (now Terragri Ltd) held on November 23, 2011 at which the shareholders of Terragri Ltd approved a scheme of arrangement under sections 261 to 264 of the Companies Act 2001 (the "Scheme") pursuant to which the shares of Terragri Ltd were, on January 01, 2012, exchanged for shares of Terra Mauricia Ltd ("Terra") in the ratio of 1:1, that is one (1) ordinary share of Terra for one (1) ordinary share of Terragri Ltd, certain dissenting shareholders (the "Dissenting Shareholders"), representing some 6.4% of the share capital have initiated legal proceedings against Terragri Ltd and Terra. The Dissenting Shareholders claim that they have been unfairly prejudiced by the Scheme and have applied for an order of the court requiring the buy back of their shares at fair value or the payment of compensation in a sum in excess of MUR 64 per share held by them. Terragri Ltd and Terra have been advised that the claim of the Dissenting Shareholders is misconceived. Counsel has further opined that the claim amounts to an abuse of process of the court. The claim of the Dissenting Shareholders has been resisted both by Terragri Ltd and Terra. The matter has been heard by the Bankruptcy Division of the Supreme Court of Mauritius and a judgement was issued on February 11, 2014. The Supreme Court dismissed the applications with costs and confirmed that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders had appealed against the judgement and the Court of Appeal has in its judgement, delivered on March 25, 2019, dismissed the appeal with costs. The appellants have since obtained leave from the Supreme Court to submit an appeal to the Privy Council.

(v) Breach of contract

A subsidiary has claimed an amount of MUR'M 1.8 to one of its clients in respect of overdue selling fees. The client has submitted a counterclaim of MUR'M 60 to the subsidiary for breach of contract and damages. The dispute is still pending.

Following the termination of a transport contract by a subsidiary, a supplier has claimed MUR'M 6 to the former for breach of contract. The case will be heard on the July 31, 2020.

(vi) Work accidents

The heirs of two ex-employees of Terra Milling Ltd, who were victims of a work accident, have claimed damages amounting to MUR'M 6.1 and MUR'M 1.9 respectively to their former employer. The cases are ongoing. The exposure is mitigated under the employer liability insurance cover of Terra Milling Ltd.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

43. CONTINGENT LIABILITIES (CONT'D)

(b) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR'M 467.2 (2018: MUR'M 166.0) as at December 31, 2019.

(c) Letter of comfort

In the ordinary course of business, the Company has provided letters of comfort and undertaking in favour of commercial banks in Mauritius in respect of short term banking facilities availed by its wholly owned subsidiary, Terra Finance Ltd.

As at December 31, 2019, the total comfort provided in respect of the short term banking facilities amounted to MUR 3 billion (2018: MUR 5.5 billion) out of which total utilisation amounted to MUR 2.2 billion (2018: MUR 2.1 billion).

44. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 outbreak is a material subsequent non-adjusting event that requires disclosure in the financial statements. On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies.

Mauritius has come out of lockdown on May 31, 2020 and government has introduced a number of measures to help businesses better manage the impact of COVID-19.

THE GROUP

The COVID-19 outbreak is expected to have some impact on the Group's operations, customers and suppliers (particularly within the Brand cluster and the hospitality sector) and consequently the Group's production, revenue and cash position in the near term. The Group will continue to monitor the impact COVID-19 has on them and reflect the consequences as appropriate in its accounting and reporting.

Nonetheless, based on the analysis of the Group's cash flows, the Board believes that the Group has sufficient liquid assets and has access to unused borrowing facilities with sufficient headroom (MUR 2.4 billion at 30 June 2020) to meet its obligations for at least the next 12 months from the date of the approval of these consolidated financial statements. Hence, it will not have a material effect on the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Terragen Contract

The Power Purchase Agreement (PPA) between Terragen Ltd and the Central Electricity Board (CEB) which sets the terms and conditions of the production and sale of electricity was set to expire on June 30, 2020. The CEB is a parastatal body responsible for all of the supply and distribution of electricity in Mauritius.

The Group was notified by CEB on June 29, 2020 that the latter shall extend the alevant PPA on new terms and conditions for a period of 30 months.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

44. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

THE COMPANY

The COVID-19 is expected to have some impact on the Company's dividend income and the fair value of its investments over the forthcoming year.

The accounting policy of the Company is to fair value its investments in subsidiaries, associates and financial assets at fair value through other comprehensive income. At December 31, 2019, the fair value of the Level 1 investments (including investments in subsidiaries and associates) was MUR 1.3 billion. These investments are classified as non-current assets and are held for as long term investments. As at June 30, 2020, the fair value of the Level 1 investments (including investments in subsidiaries and associates) dropped to MUR 1.1 billion resulting in a decrease in the fair value of the investments by MUR'M 200.

At the Company level, for non-level 1 investments (including investments in subsidiaries and associates), COVID-19 is subject to rapid change and updated facts and circumstances continue to be monitored as new information becomes available. COVID-19 will have an impact on the fair value of those investments but it is not possible to reliably estimate the precise impact at this stage due to the unobservable inputs required to perform the valuations. The Directors believe that the economic slowdown, and consequently the volatility in the financial markets, are temporary and expected to reverse in the near future and disposal of the investment is not expected in the foreseeable future.

Nonetheless, based on the analysis of the Company's cash flows, the Board believes that the Company has sufficient liquid assets and cash flows for at least the next 12 months from the date of the approval of these separate financial statements. Hence, it will not have a material effect on the Company's ability to continue as a going concern. Accordingly, the separate financial statements are prepared on a going concern basis.

There have been no other material events since the end of the reporting period which would require disclosure or adjustment to the consolidated and separate financial statements for the year ended December 31, 2019.

45. SEGMENT INFORMATION

Reportable segments are disclosed in note 28(a).

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, cash and cash equivalents and receivables and exclude investments in associates and others.

Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (note 2).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

45. SEGMENT INFORMATION (CONT'D)

(a) Information about reportable segments

THE GROUP

Year ended December 31, 2019	Cane	Power	Brands	Property & Leisure	Others	Group adjustments	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	1,026.4	1,318.7	2,318.9	545.8	431.4	-	5,641.2
Intersegment sales	-	(24.0)	(30.4)	(331.8)	(207.7)	-	(593.9)
Revenues from external customers	1,026.4	1,294.7	2,288.5	214.0	223.7	-	5,047.3
Segment (loss)/profit	(102.1)	190.3	173.6	250.6	127.9	(125.3)	515.0
Net finance costs	(49.5)	(3.9)	(28.9)	-	(161.0)	125.3	(118.0)
(Loss)/Profit after finance costs	(151.6)	186.4	144.7	250.6	(33.1)	-	397.0
Share of results of associates	(129.0)	(2.6)	35.2	18.6	248.7	-	170.9
Impairment of associates	-	-	(18.3)	-	(101.8)	-	(120.1)
(Loss)/Profit before taxation	(280.6)	183.8	161.6	269.2	113.8	-	447.8
Taxation	10.8	(23.4)	(25.9)	(0.5)	(28.1)	-	(67.1)
(Loss)/profit after taxation	(269.8)	160.4	135.7	268.7	85.7	-	380.7
Non-controlling interests							(117.9)
Profit attributable to equity holders of the Company							262.8

Year ended December 31, 2018 - restated

	Cane	Power	Brands	Property & Leisure	Others	Group adjustments	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	884.1	1,467.1	2,410.9	308.6	284.8	-	5,355.5
Intersegment sales	(48.4)	(16.5)	-	(23.5)	(81.7)	-	(170.1)
Revenues from external customers	835.7	1,450.6	2,410.9	285.1	203.1	-	5,185.4
Segment (loss)/profit	(254.5)	253.2	84.8	220.5	40.7	(91.9)	252.8
Net finance costs	(23.0)	(4.1)	(15.9)	(0.1)	(131.8)	91.9	(83.0)
(Loss)/Profit after finance costs	(277.5)	249.1	68.9	220.4	(91.1)	-	169.8
Share of results of associates	(45.7)	(4.6)	28.9	12.1	263.3	-	254.0
Impairment of associates	-	-	-	-	(66.0)	-	(66.0)
(Loss)/Profit before taxation	(323.2)	244.5	97.8	232.5	106.2	-	357.8
Taxation	1.2	(32.8)	(20.5)	3.6	10.3	-	(38.2)
(Loss)/profit after taxation	(322.0)	211.7	77.3	236.1	116.5	-	319.6
Non-controlling interests							(122.3)
Profit attributable to equity holders of the Company							197.3

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

45. SEGMENT INFORMATION (CONT'D)

(b) Other material items

THE GROUP

Year ended December 31, 2019	Cane	Power	Brands	Property & Leisure	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Interest revenue	-	0.1	1.0	-	0.8	1.9
Interest expense	(14.8)	(2.8)	(16.7)	-	(88.5)	(122.8)
Cost of sales	(1,039.8)	(974.0)	(1,647.8)	(37.3)	(144.6)	(3,843.5)
Segment assets	7,514.4	1,663.0	1,901.8	4,407.6	878.4	16,365.2
Associates	560.6	157.6	75.2	134.7	1,995.1	2,923.2
Other assets	-	3.1	20.2	466.8	788.8	1,278.9
Segment liabilities	588.2	201.2	600.5	141.0	183.3	1,714.2
Borrowings	897.0	0.2	656.0	0.9	1,986.9	3,541.0
Other liabilities	32.1	181.5	14.6	23.1	7.2	258.5
Capital expenditure	149.2	43.3	44.2	310.2	20.9	567.8
Depreciation and amortisation	(172.9)	(71.0)	(76.7)	(28.8)	(27.8)	(377.2)
Other material non-cash items:						
- Impairment losses on trade receivables and contract assets	-	-	-	-	(43.4)	(43.4)
- Impairment losses on non-financial assets	(558.6)	-	-	-	-	(558.6)
- Reversal of impairment losses on non-financial assets	8.1	-	-	-	-	8.1
Year ended December 31, 2018						
	Cane	Power	Brands	Property & Leisure	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Interest revenue	-	0.2	6.4	0.1	4.9	11.6
Interest expense	20.5	(8.9)	(2.2)	(0.1)	(117.2)	(107.9)
Cost of sales	(972.3)	(1,089.0)	(1,793.7)	(90.3)	(150.9)	(4,096.2)
Segment assets	7,959.2	1,840.1	1,863.9	2,696.9	590.5	14,950.6
Associates	792.3	94.7	89.8	110.9	2,233.2	3,320.9
Other assets	46.4	20.5	-	28.8	282.2	377.9
Segment liabilities	565.7	279.6	572.3	85.9	191.8	1,695.3
Borrowings	532.5	-	679.7	1.5	1,491.4	2,705.1
Other liabilities	18.4	207.0	14.4	1.0	16.0	256.8
Capital expenditure	125.8	42.1	114.8	73.8	25.2	381.7
Depreciation and amortisation	(188.9)	(75.8)	(49.9)	(13.7)	(29.6)	(357.9)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

46. CHANGES IN ACCOUNTING POLICIES

Impact on the financial statements – IFRS 16

The Group adopted IFRS 16 with a transition date of January 1, 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of the initial application (i.e January 1, 2019) and recognised in the opening equity balances.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 as applied only to contracts entered into or changed on or after January 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of the initial application.

As a lessee the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

46. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Impact on the financial statements – IFRS 16 (Cont'd)

Transition Method and Practical Expedients Utilised (cont'd)

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Operating leases that meet the definition of investment property in IAS 40	Fair value as at January 1, 2019	Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at January 1, 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was between 4.5% and 8.5%.
All other operating leases	Office space: Right-of-use assets are measured at an amount equal to the lease liability; adjusted by the amount of any prepaid or accrued lease payments.	
	All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at January 1, 2019:

	January 1, 2019			
	As previously reported	Prior year adjustments (note 47)	IFRS 16	January 1, 2019
	MUR'M	MUR'M	MUR'M	MUR'M
Assets				
Right-of-use assets	-	-	55.7	55.7
Lease prepayments	-	5.8	-	5.8
	-	5.8	55.7	61.5
Liabilities				
Lease liabilities	-	-	61.5	61.5

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

46. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Impact on the financial statements – IFRS 16 (Cont'd)

Transition Method and Practical Expedients Utilised (cont'd)

The following table presents the impact of adopting IFRS 16 on the statement of profit or loss for the year ended December 31, 2019:

	THE GROUP	
	2019	2018
	MUR'M	MUR'M
Depreciation on right-of-use assets	18.6	-
Interest on lease liabilities	3.2	-
	21.8	-

The following table presents the impact of adopting IFRS 16 on the statement of cash flows for the year ended December 31, 2019:

	THE GROUP	
	2019	2018
	MUR'M	MUR'M
Principal paid on lease liabilities	(25.4)	-
Interest paid on lease liabilities	(3.2)	-
	(28.6)	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS

A. During the year ended December 31, 2018, the following balances were restated retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The effect of the restatements are summarised as follows:

THE GROUP	As previously reported	Prior year adjustments	Restated balance
	MUR'M	MUR'M	MUR'M
Statement of financial position			
January 01, 2018			
<i>Non-current assets</i>			
Property, plant and equipment	11,401.3	(1,175.0)	10,226.3
Investment properties	202.3	259.8	462.1
Investment in associates	3,245.9	137.2	3,383.1
Financial assets at fair value through other comprehensive income	383.4	(55.2)	328.2
Other financial assets at amortised cost	123.0	-	123.0
Land development expenditure	27.4	(27.4)	-
Lease prepayments	-	5.8	5.8
Deferred tax assets	105.1	40.9	146.0
<i>Current assets</i>			
Inventories	895.4	65.0	960.4
Non-current assets classified as held for sale	46.6	(46.6)	-
<i>Non-current liabilities</i>			
Retirement benefit obligations	659.6	3.5	663.1
Deferred tax liabilities	196.1	(7.9)	188.2
<i>Current liabilities</i>			
Trade and other payables	841.5	(63.8)	777.7
Provisions	-	71.2	71.2
Liabilities directly associated with non-current assets classified as held for sale	7.4	(7.4)	-
<i>Equity</i>			
Revaluation and other reserves	351.9	(470.3)	(118.4)
Retained earnings	903.3	(246.0)	657.3
Non-controlling interests	1,062.3	(74.8)	987.5

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP

December 31, 2018

Non-current assets

Property, plant and equipment

Investment properties

Intangible assets

Investment in associates

Financial assets at fair value through other comprehensive income

Other financial assets at amortised cost

Finance lease receivables

Lease prepayments

Land development expenditure

Deferred tax assets

Current assets

Inventories

Other financial assets at amortised cost

Finance lease receivables

Trade and other receivables

Non-current assets classified as held for sale

Non-current liabilities

Deferred tax liabilities

Retirement benefit obligations

Current liabilities

Trade and other payables

Contract liabilities

Provisions

Liabilities directly associated with non-current assets classified as held for sale

Equity

Revaluation and other reserves

Retained earnings

Non-controlling interests

Statement of profit of loss and other comprehensive income

December 31, 2018

Profit or loss:

Profit before taxation

Taxation

Profit for the year

Profit attributable to:

Owners of the Company

Non-controlling interests

Impact on basic and diluted earnings per share (MUR)

Notes	As previously reported	Prior year adjustments	Restated balance
	MUR'M	MUR'M	MUR'M
5	11,671.5	(1,112.4)	10,559.1
6	225.0	555.6	780.6
7	408.9	(75.6)	333.3
9	3,455.4	(134.5)	3,320.9
10	529.3	(63.8)	465.5
11	82.8	-	82.8
5B	-	44.6	44.6
5C	-	5.8	5.8
15	85.7	(85.7)	-
	135.2	46.5	181.7
16	1,011.0	22.4	1,033.4
11	393.7	(311.8)	81.9
5B	-	123.8	123.8
18	1,002.3	185.8	1,188.1
19	28.8	(28.8)	-
15	234.3	(9.3)	225.0
24	580.4	4.1	584.5
25	1,069.0	(34.7)	1,034.3
28(c)	-	25.9	25.9
26	-	54.1	54.1
	33.3	(33.3)	-
	1,000.2	(572.8)	427.4
	798.4	(193.1)	605.3
	1,052.5	(69.0)	983.5
	289.8	68.0	357.8
	(56.3)	18.1	(38.2)
	233.5	86.1	319.6
	121.5	75.8	197.3
	112.0	10.3	122.3
	233.5	86.1	319.6
	0.53	0.33	0.87

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP

B. The effects on the statements of financial position as at January 01, 2018 are as follows:

	As at January 1, 2018	Reversal of revaluation surplus on Equipments and Buildings (a)	Cash flow hedge (b)	Retirement benefit obligations (c)	De-recognition of revaluation surplus for Power Plant (d)	Leasehold land – 1 (e)	Leasehold land – 2 (f)	Land Development Expenditure (g)	Non-current assets classified as held for sale (h)	Reclassification of land and building to investment properties (i)	Transfer from investment property to property, plant and equipment (j)	Impairment of investment property (k)	Restatements arising on deferred tax (l) (1) & (2)	Impairment of investment in associate (m)	Transfer from retained earnings to amalgamation reserve (n)	Reversal of consolidation adjustments (o)	Adjustments of share of results of associate (p)	Reclassification adjustments of PPE and IP at group level (q)	Reclassification from FVOCI to investment in associate (r)	Alignment of accounting policy for an associate (s)	Other reclassification adjustments (x)	Land improvement (aa)	Cumulative impact of correction of errors of 2017	NCI allocation	As at January 1, 2018	
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	
ASSETS																										
Non-current assets																										
Property, plant and equipment	11,401.3	(57.6)	-	-	(143.8)	(57.1)	(52.1)	-	-	(844.4)	30.7	-	-	-	-	(127.0)	-	130.8	-	-	-	(54.5)	(1,175.0)	-	10,226.3	
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment properties	202.3	-	-	-	-	-	-	9.0	-	466.2	(55.1)	(62.3)	-	-	-	-	-	(98.0)	-	-	-	-	259.8	-	462.1	
Intangible assets and goodwill	407.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	407.8	
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment in associates	3,245.9	-	-	-	-	-	-	-	-	-	-	-	-	(57.1)	-	-	6.3	-	122.8	65.2	-	-	137.2	-	3,383.1	
Financial assets at fair value through other comprehensive income	383.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(55.2)	-	-	-	(55.2)	-	328.2	
Other financial assets at amortised cost	123.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123.0	
Bearer biological assets	7.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.4	
Finance lease receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lease prepayments	-	-	-	-	-	5.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.8	-	5.8	
Land development expenditure	27.4	-	-	-	-	-	-	(27.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27.4)	-	-	
Deferred tax assets	105.1	-	-	-	-	-	-	-	-	-	-	-	40.9	-	-	-	-	-	-	-	-	-	40.9	-	146.0	
	15,903.6	(57.6)	-	-	(143.8)	(51.3)	(52.1)	(18.4)	-	(378.2)	(24.4)	(62.3)	40.9	(57.1)	-	(127.0)	6.3	32.8	67.6	65.2	-	(54.5)	(813.9)	-	15,089.7	
Current assets																										
Inventories	895.4	-	-	-	-	-	-	18.4	46.6	-	-	-	-	-	-	-	-	-	-	-	-	-	65.0	-	960.4	
Consumable biological assets	98.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98.8	
Trade and other receivables	1,598.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,598.0	
Other financial assets at amortised cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash in hand and at bank	174.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	174.8	
Current tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	2,767.0	-	-	-	-	-	-	18.4	46.6	-	-	-	-	-	-	-	-	-	-	-	-	-	65.0	-	2,832.0	
Non-current assets classified as held for sale	46.6	-	-	-	-	-	-	-	(46.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	(46.6)	-	-	
Total assets	18,717.2	(57.6)	-	-	(143.8)	(51.3)	(52.1)	-	-	(378.2)	(24.4)	(62.3)	40.9	(57.1)	-	(127.0)	6.3	32.8	67.6	65.2	-	(54.5)	(795.5)	-	17,921.7	
EQUITY AND LIABILITIES																										
Capital and reserves																										
Stated capital	11,976.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,976.0	
Revaluation and other reserves	351.9	(115.3)	3.5	-	(90.8)	(57.1)	(52.1)	-	-	(392.7)	(24.4)	-	(8.5)	-	129.0	-	-	134.8	(13.7)	65.2	-	-	(422.1)	(48.2)	(118.4)	
Retained earnings	903.3	47.4	(3.5)	(2.9)	(35.4)	5.8	-	-	-	14.5	-	(62.3)	49.4	(57.1)	(129.0)	(127.0)	6.3	(102.0)	81.3	-	-	(54.5)	(369.0)	123.0	657.3	
Owners' interest of the company	13,231.2	(67.9)	-	(2.9)	(126.2)	(51.3)	(52.1)	-	-	(378.2)	(24.4)	(62.3)	40.9	(57.1)	-	(127.0)	6.3	32.8	67.6	65.2	-	(54.5)	(791.1)	74.8	12,514.9	
Non-controlling interests	1,062.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(74.8)	987.5
Total equity	14,293.5	(67.9)	-	(2.9)	(126.2)	(51.3)	(52.1)	-	-	(378.2)	(24.4)	(62.3)	40.9	(57.1)	-	(127.0)	6.3	32.8	67.6	65.2	-	(54.5)	(791.1)	-	13,502.4	
Non-current liabilities																										
Borrowings	353.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	353.0	
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	196.1	10.3	-	(0.6)	(17.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.9)	-	188.2	
Retirement benefit obligations	659.6	-	-	3.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.5	-	663.1	
	1,208.7	10.3	-	2.9	(17.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4.4)	-	1,204.3	
Current liabilities																										
Trade and other payables	841.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(63.8)	-	(63.8)	-	777.7	
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current tax liabilities	20.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.6	
Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71.2	-	71.2	-	71.2	
Borrowings	2,345.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,345.2	
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Derivative financial instruments	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	
	3,207.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.4	-	7.4	-	3,215.0	
Liabilities directly associated with non-current assets classified as held for sale	7.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.4)	-	(7.4)	-	-	
Total liabilities	4,423.7	10.3	-	2.9	(17.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4.4)	-	4,419.3	
Total equity and liabilities	18,717.2	(57.6)	-	-	(143.8)	(51.3)	(52.1)	-	-	(378.2)	(24.4)	(62.3)	40.9	(57.1)	-	(127.0)	6.3	32.8	67.6	65.2	-	(54.5)	(795.5)	-	17,921.7	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP

C. The effects on profit or loss are as follows:

	2018	Sale of morcellement (b)	Reversal of revaluation surplus on Equipments and Buildings (a)	Cash flow hedge (b)	Retirement benefit obligations (c)	De-recognition of revaluation surplus for Power Plant (d)	Leasehold land - 1 (e)	Impairment of investment in associate (m)	Reclassification adjustments of PPE and IP at group level (g)	Accounting treatment for sale of land (t)	Adjustments of share of results of associate (p)	Reclassification from FVOCI to investment in associate (r)	Land Development Expenditure (s)	Equity accounting for an associate (y)	Share of results for an associate (u)	Management fees (w)	Restatements arising on deferred tax (l)	Reclassification adjustments - IP/PPE (i)/(j)	Land improvement (aa)	Total impact of corrections of errors 2018	Restated 2018	
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Revenue	5,079.3	106.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106.1	5,185.4
Cost of sales	(4,043.6)	(77.4)	15.7	-	-	9.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(52.6)	(4,096.2)
Gross profit	1,035.7	28.7	15.7	-	-	9.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53.5	1,089.2
Gains/(losses) arising from changes in fair value of consumable biological assets	(45.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45.9)
Fair value gain on non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	439.6	(28.7)	-	-	-	-	-	-	-	42.5	-	-	-	-	-	-	-	-	-	-	13.8	453.4
Impairment loss on trade receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	(699.6)	-	-	-	(0.6)	-	(0.1)	-	-	-	-	-	-	-	-	(6.4)	-	-	-	-	(7.1)	(706.7)
Distribution costs	(154.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(154.5)
Other expenses	(391.8)	-	-	-	-	-	-	-	(9.5)	-	-	-	-	-	-	-	-	16.9	1.7	9.1	(382.7)	
Profit before finance costs	183.5	-	15.7	-	(0.6)	9.1	(0.1)	-	(9.5)	42.5	-	-	-	-	-	(6.4)	-	16.9	1.7	9.1	69.3	252.8
Finance income	24.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.9
Finance costs	(122.5)	-	-	14.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.6	(107.9)
Net finance costs	(97.6)	-	-	14.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.6	(83.0)
Profit after finance costs	85.9	-	15.7	14.6	(0.6)	9.1	(0.1)	-	(9.5)	42.5	-	-	-	-	-	(6.4)	-	16.9	1.7	83.9	169.8	
Share of results of associates-net	203.9	-	-	-	-	-	-	-	-	-	96.6	1.3	(15)	(4.3)	(42.0)	-	-	-	-	-	50.1	254.0
Impairment of associates	-	-	-	-	-	-	-	(66.0)	-	-	-	-	-	-	-	-	-	-	-	-	(66.0)	(66.0)
Profit before taxation	289.8	-	15.7	14.6	(0.6)	9.1	(0.1)	(66.0)	(9.5)	42.5	96.6	1.3	(15)	(4.3)	(42.0)	(6.4)	-	16.9	1.7	68.0	357.8	
Taxation charge	(56.3)	-	6.9	-	0.1	1.4	-	-	-	-	-	-	-	-	-	-	9.7	-	-	-	18.1	(38.2)
Profit for the year	233.5	-	22.6	14.6	(0.5)	10.5	(0.1)	(66.0)	(9.5)	42.5	96.6	1.3	(15)	(4.3)	(42.0)	(6.4)	9.7	16.9	1.7	86.1	319.6	
Profit for the year	233.5	-	22.6	14.6	(0.5)	10.5	(0.1)	(66.0)	(9.5)	42.5	96.6	1.3	(15)	(4.3)	(42.0)	(6.4)	9.7	16.9	1.7	86.1	319.6	
Profit attributable to:																						
Owners of the Company	121.5	-	18.1	11.7	(0.5)	5.4	(0.1)	(66.0)	(9.5)	42.5	96.6	1.3	(15)	(3.6)	(42.0)	(4.9)	9.7	16.9	1.7	75.8	197.3	
Non-controlling interests	112.0	-	4.5	2.9	-	5.1	-	-	-	-	-	-	-	(0.7)	-	(1.5)	-	-	-	10.3	122.3	
	233.5	-	22.6	14.6	(0.5)	10.5	(0.1)	(66.0)	(9.5)	42.5	96.6	1.3	(15)	(4.3)	(42.0)	(6.4)	9.7	16.9	1.7	86.1	319.6	
Other comprehensive income:																						
<i>Items that will not be reclassified to profit or loss:</i>																						
Revaluation adjustments	372.1	-	-	-	-	8.0	-	-	172.1	-	-	-	-	-	-	-	-	-	-	-	180.1	552.2
Deferred tax on revaluation of buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.4)	-	-	-	(7.4)	(7.4)
Remeasurements of post employment benefit obligations	82.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82.6
Deferred tax on remeasurements of post employment benefit obligations	(13.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.5)
Changes in fair value of equity instruments at fair value through other comprehensive income	40.6	-	-	-	-	-	-	-	-	-	-	(8.6)	-	-	-	-	-	-	-	-	(8.6)	32.0
<i>Items that may be reclassified subsequently to profit or loss:</i>																						
Impairment of revalued land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	79.8	-	-	-	-	-	-	-	-	-	(165.4)	-	-	(5.2)	(85.1)	-	-	-	-	-	(255.7)	(175.9)
Translation reserve movement	23.9	-	-	(14.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14.6)	9.3
Other comprehensive income for the year	585.5	-	-	(14.6)	-	8.0	-	-	172.1	-	(165.4)	(8.6)	-	(5.2)	(85.1)	-	(7.4)	-	-	-	(106.2)	479.3
Total comprehensive income for the year	819.0	-	22.6	-	(0.5)	18.5	(0.1)	(66.0)	162.6	42.5	(68.8)	(7.3)	(15)	(9.5)	(127.1)	(6.4)	2.3	16.9	1.7	(20.1)	798.9	
Total comprehensive income attributable to:																						
Owners of the company	696.0	-	18.1	-	(0.5)	9.4	(0.1)	(66.0)	162.6	42.5	(68.8)	(7.3)	(15)	(5.7)	(127.1)	(4.9)	2.3	16.9	1.7	(28.4)	667.6	
Non-controlling interests	123.0	-	4.5	-	-	9.1	-	-	-	-	-	-	-	(3.8)	-	(1.5)	-	-	-	8.3	131.3	
	819.0	-	22.6	-	(0.5)	18.5	(0.1)	(66.0)	162.6	42.5	(68.8)	(7.3)	(15)	(9.5)	(127.1)	(6.4)	2.3	16.9	1.7	(20.1)	798.9	
Impact on basic and diluted earnings per share (MUR)	0.53	-	0.08	0.05	-	0.02	-	(0.29)	(0.04)	0.19	0.42	0.01	(0.01)	(0.02)	(0.18)	(0.02)	0.04	0.07	0.01	0.33	0.87	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP

(a) Reversal of revaluation surplus on Equipment and Buildings

(i) Plant and equipment were revalued up to the year 2002, when the accounting policy changed to the cost model. At that date, the policy change was not applied retrospectively. Since the accounting policy of the Group for equipment being the cost model, all prior revaluations have been reversed in accordance with IAS 16 "Property, Plant and Equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The carrying amounts of equipments with their related cumulative depreciation were therefore overstated by MUR'M 107.2 and MUR'M 68.1 respectively, whilst deferred tax liability was understated. This has been adjusted by restating each of the affected financial statements line for the years ended December 31, 2017 and December 31, 2018, including the effect on deferred tax.

(ii) One of the Group's subsidiaries did not apply the Group accounting policy under the revaluation model for its buildings.

The subsidiary's accounting policy for buildings was aligned to the Group's which adopts the revaluation model for buildings under IAS 16 "Property, Plant & Equipment" at December 31, 2019. Since IAS 8 prohibits the use of hindsight for fair value estimates in correcting a prior period error or applying a new accounting policy, buildings were revalued based on the fair value of the independent valuation report at December 31, 2019. The effect of such change was to uplift both the carrying amounts and revaluation reserve for buildings by MUR'M 284.8 with a resulting increase in deferred tax liability arising on revaluation reserve amounting to MUR' M 14.2 at December 31, 2019.

The impact of the above adjustments on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. The impact on Earnings Per Share (EPS) is shown in note 47(c).

The above adjustments did not have any impact on statements of cash flows.

(b) Cash flow hedge

During 2019, the Group identified that it had incorrectly recorded a cash flow hedge accounting between its revenue streams in Euro and its foreign bank loan which is also denominated in Euro. This resulted in incorrect recognition of a hedging reserve in the financial statements as at December 31, 2017 and December 31, 2018. This has been adjusted by restating each of the affected financial statements line for prior periods. Based on the criteria of IFRS 9, it was determined that the Group did not have a cash flow hedge. Accordingly the cash flow hedge reserve was derecognised and the translation gain recognised as finance income as per the Group accounting policy.

The impact on the financial statements line items in the prior periods are detailed in the statement of changes in equity and note 47 to the financial statements. The impact on Earnings Per Share (EPS) is shown in note 47(c).

The above adjustments did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(c) Retirement benefit obligations

In prior years, no actuarial valuation was carried and retirement gratuities computations did not take into consideration the residual liabilities for employees who were under the defined contribution scheme. The Group has appointed an actuary to estimate the retirement benefit obligations and accordingly, the retirement benefit obligations were increased by MUR'M 3.5 at December 31, 2017 and MUR'M 0.6 in 2018. Deferred tax were also adjusted accordingly in the respective financial year.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(d) De-recognition of revaluation surplus for Power Plant

The Group has been measuring Power Plant at fair value whilst the Group policy has been to measure it at cost less accumulated depreciation and impairment. This resulted in a decrease of revaluation surplus of MUR'M 143.8 and a corresponding deferred tax adjustment of MUR'M 24.4 as at December 31, 2017 whilst an adjustment of MUR'M 3.2 was also made for release of excess depreciation as at that date.

It also resulted in reversal of depreciation amounting to MUR'M 9.1 for the year ended December 31, 2018 with a corresponding deferred tax adjustment of MUR'M 0.5 with an adjustment of MUR'M 6.1 made for release of excess depreciation recognised in the year 2018.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(e) Leasehold land – 1

The Group holds leasehold land for a portion of land with a lease term of 60 years against an upfront premium of MUR'M 6.8 and annual rental of MUR'M 0.1. The leasehold land was subsequently revalued in the year 2016 at MUR'M 57.1 and was incorrectly recorded under Property, Plant and Equipment whilst the premium of MUR'M 6.8 was fully expensed in profit or loss. The recognition and measurement was not in accordance with IAS 17 "Leases" [now replaced by IFRS 16 effective for accounting period beginning as from 1 January 2019] and should have instead been recognised as an operating lease under IAS 17. The leasehold land of MUR'M 57 was therefore derecognised from Property, plant and equipment. The premium of MUR'M 6.8M was also reversed to record initially as a prepayment with a yearly amortisation of MUR'M 0.1 in line with the provisions of IFRS 16. An amount of MUR'M 1.1 for the period 2009 to 2018 was also released from the prepayment as part of the prior period corrections.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(f) Leasehold land – 2

The Group holds leasehold land for a period of 99 years. The lease was recorded under property, plant and equipment at an amount of MUR'M 52 under the revaluation model. This was considered not to meet certain criteria under IAS 17 and should have instead been recognised as an operating leases under standard IAS 17 (now replaced by IFRS 16 effective for accounting period beginning as from January 1, 2019). The leasehold land of MUR'M 52 was therefore derecognised in property, plant and equipment. The leasehold land is now treated as an operating lease in line with the provisions of IFRS 16.

On the other hand, the Group is also the lessor for a leasehold land under operating lease which was not accounted for in prior years.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(g) Land development expenditure

The Group had land development expenditure amounting to MUR'M 85.7 and MUR'M 27.4 as at December 31, 2018 and as at December 31, 2017 respectively which consisted of expenses incurred on projects that were in progress relating to future sales of several plots of land. This classification was not considered to be appropriate. These expenditure were therefore reclassified from "Land development expenditure" in the statement of financial position to either inventories or investment properties. Accordingly, an amount of MUR'M 9 and MUR'M 18.4 were reclassified to investment property and inventories respectively as at December 31, 2017 whilst an amount of MUR'M 58 was reclassified for the year ended December 2018.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(h) Non-current assets classified as held for sale

At December 31, 2017 and December 31, 2018, the Group had infrastructure costs and other related costs incurred on future sale of land that were classified as non-current assets classified as held for sale which amounted to MUR'M 46.6 and MUR'M 28.8 respectively as they did not meet the criteria of IFRS 5. At December 31, 2017, the balance of MUR'M 46.6 was reclassified to inventories whilst liabilities directly associated with non-current assets classified as held for sale amounting to MUR'M 7.4 as at same date were reclassified to contract liabilities.

At December 31, 2018, all non-current assets classified as held for sale were reclassified to inventory property.

A related amount of MUR'M 7.4 which was incorrectly classified under 'Liabilities directly associated with non-current assets classified as held for sale' at January 1, 2018 was reclassified to 'Trade and other payables' as prior year correction.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(i) Reclassification of land and building to investment properties

Properties meeting the definition of investment property as per IAS 40 were classified as land and buildings under Property, plant and equipment.

In line with the Group's accounting policies, investment properties are measured under the cost model whilst land and buildings are accounted for under the revaluation model. Land plots with fair value of MUR'M 739 at January 1, 2018 rented out to third parties which were included under land and buildings were accordingly reclassified to investment properties. A revaluation surplus of MUR'M 306 was reversed to bring the land at cost amounting to MUR'M 433 in investment property.

Similarly, the fair value of MUR'M 920 of those buildings and an accumulated depreciation of MUR'M 797 were reclassified to investment properties resulting in reversal of revaluation surplus of MUR'M 775 and accumulated depreciation of MUR'M 688 to adjust the fair value of those buildings to cost.

As a result of the above, deferred tax asset has been increased by MUR'M 36.3 and MUR'M 5.5 at January 01, 2018 and December 31, 2018 respectively as detailed in note 47(l)(1).

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(j) Transfer from investment properties to property, plant and equipment

Part of the Group's buildings are owner occupied and have been classified as investment properties. The carrying amount of these buildings MUR'M 64 with an accumulated depreciation of MUR'M 9 of these buildings at January 1, 2018 were transferred to Property, plant and equipment.

The deferred tax implications arising on the above are included in note 47(l)(1).

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statement of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(k) Impairment of investment properties

Investment properties which had impairment indicators and were not impaired in terms of IAS 36. The recoverable amount, determined by the fair value less costs to sell as per the Independent property valuer, being lower than the carrying amount, gave rise to an impairment of MUR'M 62.3 as at December 31, 2017.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(l) Restatements arising on deferred tax

Prior year adjustments in relation to deferred tax are analysed below:

- (1) Restatement of deferred tax assets/liabilities relate specifically to prior year adjustments detailed in (i), (j), and (q) for Terragri Ltd.
- (2) Additionally, we also noted that the Group had 3 subsidiaries, being Terra Brands Ltd, Grays Distilling Ltd and Grays Inc. and a few other subsidiaries (cumulatively) for which the deferred tax movements in previous years was not accounted for at consolidation level amounting to MUR'M 4.6.

The impact of the above adjustments on EPS is shown in note 47(c).

The overall cumulative impact on deferred tax assets/liabilities based on the above are detailed below:

	Restatements on (l) (1)	Restatements on (l) (2)	Total
	MUR'M	MUR'M	MUR'M
At January 1, 2018			
Increase in deferred tax assets	36.3	4.6	40.9
- Adjustment in note 47(i)	36.3	-	36.3
- Adjustment in note 47(l) (2)	-	4.6	4.6
At December 31, 2018			
Increase in deferred tax assets	5.5	-	5.5
- Adjustment in note 47(i)	5.5	-	5.5
Increase in deferred tax liabilities	(3.9)	-	(3.9)
- Adjustment in note 47(q)	(3.9)	-	(3.9)
Total cumulative impact			
Increase in deferred tax assets	41.8	4.6	46.4
Increase in deferred tax liabilities	(3.9)	-	(3.9)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(m) Impairment of investment in associate

The Group decided in June 2019 to dispose of one of its investment in associates in the foreseeable future. The investment was therefore reclassified to non-current assets held for sale under IFRS 5 on that date and was remeasured at fair value. The fair value was lower than the share of net assets at that date and this gave rise to an impairment. The impairment indicators existed in prior years but impairment assessment was not performed in accordance with IAS 36 requirements. This resulted in an impairment loss of MUR'M 57.1 in 2017 and MUR'M 66 in 2018 which was adjusted in prior periods.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(n) Correction of retained earnings of Harel Freres Investments Ltee incorrectly recognised

Following the Group restructuring in 2012, involving the amalgamation of HF Investments Ltd into Terra Mauricia Ltd, the retained earnings of MUR'M 129 of HF Investments Ltd was merged to the retained earnings of Terra Mauricia Ltd rather than to amalgamation reserve. This correction is not a transfer of MUR'M 128.9 from retained earnings into the merger reserve as it relates to the reversal of the HF Investments Ltd's retained earnings amount incorrectly recognised in retained earnings and the merger reserve of Terra Mauricia. This was corrected on January 1, 2018 to reverse the entry of the HF Investments retained earnings into Terra's retained earnings and reserves.

The impact on the financial statements line items in the prior periods are detailed in the statement of changes in equity. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(o) Reversal of consolidation adjustments

There was a prior year adjustment as a result of Terra Mauricia Ltd continuing to book a consolidation entry amounting to MUR'M 127 to fair value of property, plant and equipment when these are already fair valued at Group level following the amalgamation.

The impact on the financial statements line items in the prior periods are detailed in the statement of changes in equity and note 5 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(p) Adjustments of share of results of associate

As a result of prior year adjustments made in the financial statements of an associate for financial years ended December 31, 2017 and December 31, 2018, the Group reassessed its share of results resulting in prior year restatement of share of profits and associates reserves for the year ended December 31, 2017 and December 31, 2018 as disclosed in note 9 following restatement of the numbers brought to the associate's financial statements.

The prior year adjustments in the financial statements of the associate relate to subsidiaries not consolidated, retirement benefit obligations not accounted and actuarial surplus not accounted for on profit or loss but directly in equity.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(q) Reclassification adjustments of PPE and IP at group level

Land and buildings which are owner occupied from the Group's perspective were classified as investment property instead of being accounted for under property, plant and equipment (PPE). Appropriate adjustments were made at Group level to reclassify these properties from investment property to PPE at January 1, 2018 and December 31, 2018.

As a result of the above, deferred tax liabilities have been increased by MUR'M 3.9 at December 31, 2018 as detailed in note 47(l)(1).

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(r) Reclassification from FVOCI to investment in associate

One of the Group's investments was classified as FVOCI as the Group has significant influence over the investee even though the Group has a shareholding of less than 20%. Consequently the investment was reclassified to Investment in associates resulting in cumulative fair value movements taken to FVOCI reserves being reversed, and the investment being equity accounted under IAS 28 with a share of profit/loss and share of other comprehensive income being recognised.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(s) Alignment of accounting policy for an associate

One of the associate of the Group is equity accounted under IAS 28. Land and buildings are measured at the historical cost while the Group applies the revaluation model. The alignment to the Group accounting policy by the associate was not accounted for in previous years.

The deferred tax implications arising on the above are included in note (l).

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(t) Accounting treatment for sale of land

The Group as lessor has engaged in a land lease project ("Bail a construction") over 99 years with several clients in 2018. The transactions were accounted for as an outright sale of land plots with a reported gain of MUR'M 74.4 instead of being treated as a finance lease in terms of IAS 17. In determining the profit on sale of land plots, the future minimum lease payments were not discounted to their present value.

The profit on disposal of MUR'M 74.4 was therefore reversed and the transactions were accordingly accounted as finance lease receivables as per IAS 17 (now IFRS16) resulting in a revised profit of MUR'M 116 and a finance income of MUR'M 1.7 for the year ended December 31, 2018. Rental income of MUR 706,800 recognised in the financial year 2018 was also reversed.

As a result of the above also, an amount of MUR'M 123.8 which was incorrectly included under 'Other financial assets at amortised costs' have been reclassified to 'Finance lease receivables'.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(u) Share of results for an associate

For the year ended December 31, 2018 share of results and net assets for one of the Group's associate was based on management accounts which were subsequently adjusted, this resulted in material differences when the audited accounts of the associate were finalised and signed.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(v) Land conversion rights

During the financial year 2018, the Group transferred a portion of its Land Conversion Rights (LCR's) amounting to MUR'M 39.9 for land development purposes but the disposal of these LCRs were not recorded. This was adjusted in the year of disposal in accordance with IAS 8.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(w) Management fees

During the year 2018, management fee expense amounting of MUR'M 6.4 was capitalised in inventories, thus overstating the Group's profit for the year. Both retained earnings and inventories were adjusted to reflect the correct balances at December 31, 2018.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

(x) Other reclassification adjustments

Receivables, including amounts related to refunds, prepayments, VAT, management fees, advance payments and deposits were incorrectly classified as "Other financial assets at amortised cost" in the 2018 financial year. These amounts were classified as "Trade and other receivables" in the current year (2019) as well as in years preceding 2018 (2017 and earlier). In order to correct the error in 2018, these amounts were reclassified from "Other financial assets at amortised cost" to "Trade and other receivables".

The provision for compensation payments for centralisation in accordance with the Blueprint provisions was incorrectly classified as trade and other payables instead of provisions. The amount has been reclassified to provisions for the current and prior years.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on deferred tax and statements of cash flows.

(y) Equity accounting for an associate

For the year ended December 31, 2018 share of results and net assets for Thermal Valorisation Ltd and Commada Ltd were based on management accounts which were subsequently adjusted, this resulted in material differences when the audited accounts of the associates were finalised and signed.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements.

The impact on Earnings Per Share (EPS) is shown in note 47(c).

The adjustment did not have any impact on statements of cash flows.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)

(z) Adjustment to retained earnings for one of the Group's subsidiaries

The 2018 Group accounts incorrectly included the write back of a payable amounting to MUR'M 12 which resulted in an overstatement of the Group retained earnings by the same corresponding amount.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(aa) Land improvement

Land improvement costs amounting to MUR'M 75.3 were amortised over 50 years instead of 8 years in line with replantation costs. Those land improvement costs were classified under the property, plant and equipment category. At December 31, 2018, the net book value amounted to MUR'M 54.5. There was also an incorrect depreciation charge of MUR'M 1.7 during the financial year December 31, 2018. This would have resulted in fully depreciated assets as at January 01, 2018. Appropriate prior year adjustments were booked including deferred tax impact in this respect to restate prior year figures.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(ab) Sale of morcellements

The Group has a real estate cluster whereby sale of land plots for residential purposes (morcellement) are considered to be one of its principal activities in the ordinary course of business. In 2018, the Group recognised revenue from the sale of morcellement land plots as 'Profit on sale on disposal property, plant and equipment/non-current assets held for sale' under 'Other income' instead of being disclosed as revenue and cost of sales.

The impact on the financial statements line items in the prior periods are detailed in note 47 to the financial statements. There is no impact on Earnings Per Share (EPS).

The adjustment did not have any impact on statements of cash flows.

(ac) Group restatements of opening balances in the notes to the financial statements (with no impact on the primary statements)

The split into the different categories of the opening balances in a number of the notes to the financial statements was incorrectly reported due to the consolidation process not aligned with the audited numbers of the components. The relevant notes relate to note 5 (Property, Plant & Equipment), note 6 (Investment Properties), note 7 (Intangible Assets & Goodwill) and note 21 (Revaluation and Other Reserves).

The numbers of the opening balances in those notes have been restated accordingly but the restatements did not impact the opening balances reported in the primary statements. There is also no impact on the Earnings Per Share (EPS).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE COMPANY

	Notes	As previously reported MUR'M	Prior year adjustments MUR'M	Restated balance MUR'M
Statement of financial position				
At January 01, 2018				
<i>Non-current assets</i>				
Investment in associates	(i)	1,177.9	55.2	1,233.1
Financial assets at fair value through other comprehensive income	(i)	393.6	(55.2)	338.4
<i>Equity</i>				
Revaluation and other reserves	(ii)	934.6	129.0	1,063.6
Retained earnings	(ii)	1,713.3	(129.0)	1,584.3

	Notes	As previously reported MUR'M	Prior year adjustments 2017 MUR'M	Prior year adjustments 2018 MUR'M	Restated balance MUR'M
Statement of financial position					
At December 31, 2018					
<i>Non-current assets</i>					
Investment in associates	(i)	1,031.2	55.2	8.6	1,095.0
Financial assets at fair value through other comprehensive income	(i)	544.4	(55.2)	(8.6)	480.6
At December 31, 2018					
<i>Equity</i>					
Revaluation and other reserves	(ii)	768.6	129.0	-	897.6
Retained earnings	(ii)	1,696.4	(129.0)	-	1,567.4

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2019

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE COMPANY (CONT'D)

(i) Reclassification from FVOCI to Investment in associates

One of the Company's investments was classified as FVOCI as an assessment was carried out and it was revealed that the Company had significant influence over the investee. Consequently the investment at FVOCI was reclassified to investment in associates. There was no impact on reserves as both investments are classified as fair value through other comprehensive income.

The adjustment did not have any impact in the separate statement of profit or loss and other comprehensive income and statement of cash flows.

(ii) Transfer from retained earnings to amalgamation reserve

During the group restructuring in 2012, involving the amalgamation of HF Investments Ltd into TERRA Mauricia Ltd, it was found that the retained earnings of MUR'M 128 of HF Investments Ltd was recognised under retained earnings of TERRA Mauricia Ltd instead of being added to the amalgamation reserve. A re-classification was booked in the year ended December 31, 2017 to reflect retained earnings and reserves accordingly in the Group financial statements.

The adjustment did not have any impact in the separate statement of profit or loss and other comprehensive income and statement of cash flows.

(iii) Reclassification in statement of cash flows

The Company acts as an investment holding company and has several subsidiaries, from which it earns dividend income.

In prior years, the Company classified dividend income received as cashflows from investing activities in its statement of cashflows.

Management believes that the dividend income received should be classified under "cashflows from operating activities" as this pertains to income derived from the principal revenue-producing activities and is a key determinant of the profit or loss of the entity (investment holding).

Therefore, dividend income should be included in the "cashflows from operating activities" section, as this income represents the only source of revenue and is the expected result for the Company, in light of its business activities. The effect on separate statement of cash flows are as shown below:

	As previously reported	Prior year adjustments	Restated balance
	MUR'M	MUR'M	MUR'M
Statement of cash flows			
December 31, 2018			
Net cash generated from operating activities	80.5	244.1	324.6
Net cash (used in)/from investing activities	158.7	(244.1)	(85.4)

(iv) Fair value of investments

The accounting policy of the Company is to fair value its investments in subsidiaries, associates and financial assets at fair value through other comprehensive income. At December 31, 2018, the Company had a number of investments measured at fair value through other comprehensive income categorised as Level 3 under the fair value hierarchy. The fair value was based on either cost or net asset basis which was not an appropriate method of valuation for those types of investments. It is impracticable to correct the prior year retrospectively as it would involve using hindsight on the significant unobservable inputs in the fair value measurements for the prior year figures. The revised fair value measurements have been booked in the current year with the relevant disclosures. Due to the above issues, the 2018 comparatives figures do not include the unobservable inputs and related sensitivity analysis.

THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES - THE GROUP

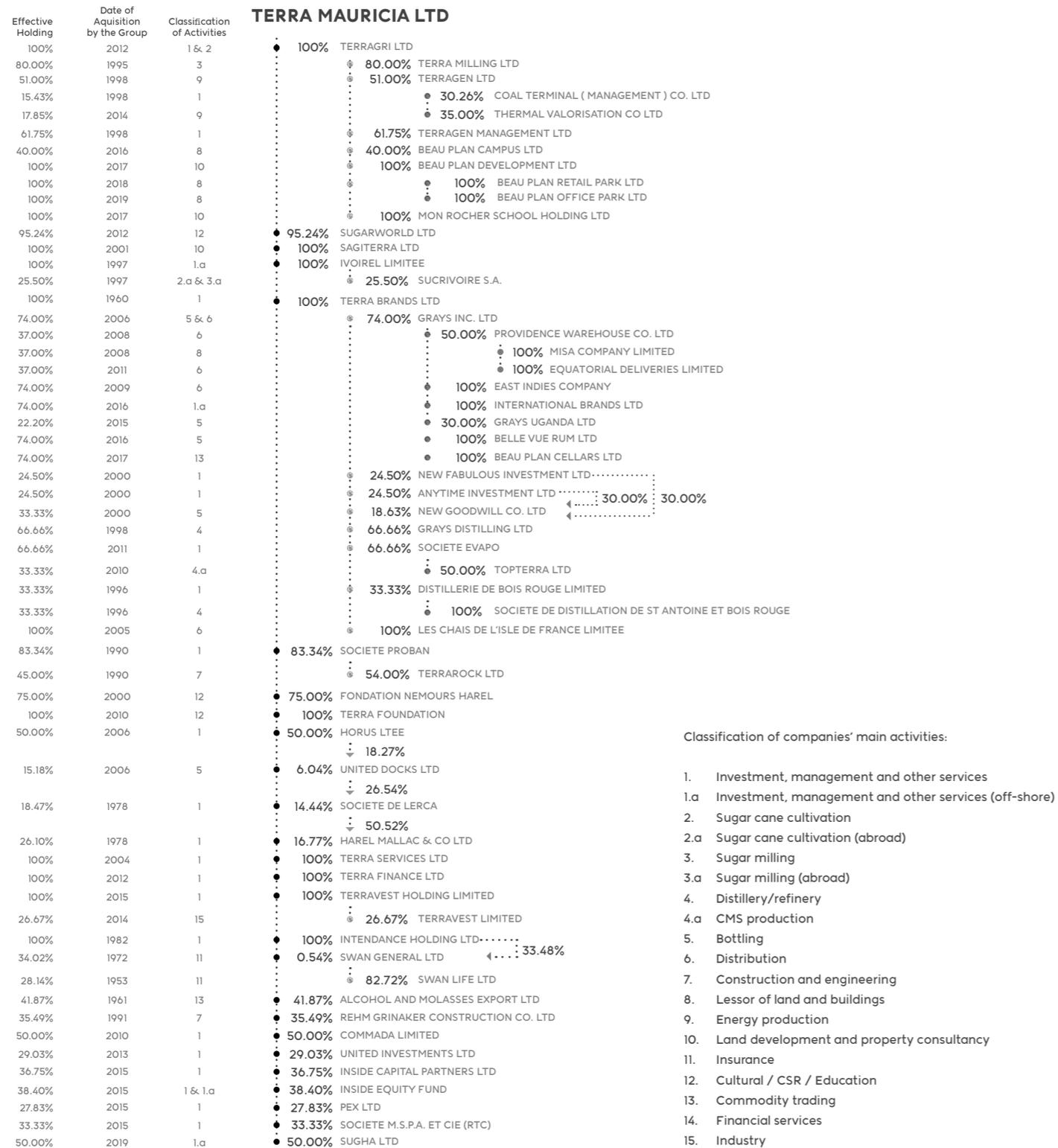
	THE GROUP		
	2019	Restated 2018	2017**
	MUR'M	MUR'M	MUR'M
STATEMENT OF PROFIT OR LOSS			
Turnover	5,047.3	5,185.4	5,087.3
Profit before taxation and associates' results	397.0	169.8	218.3
Share of results of associates	170.9	254.0	42.3
Impairment of associates	(120.1)	(66.0)	-
Taxation	(67.1)	(38.2)	(15.2)
Profit after taxation	380.7	319.6	245.4
Profit attributable to:			
Owners of the Company	262.8	197.3	86.6
Non-controlling interests	117.9	122.3	158.8
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit after taxation	380.7	319.6	245.4
Other comprehensive income for the year net of tax	1,017.5	479.3	27.7
Total comprehensive income	1,398.2	798.9	273.1
Total comprehensive income attributable to:			
Owners of the Company	1,244.1	667.6	120.7
Non-controlling interests	154.1	131.3	152.4
	1,398.2	798.9	273.1
Percentage of profit on shareholders' interest (%)	1.87	1.52	0.69
Earnings per share (MUR)	1.16	0.87	0.38
Dividends proposed and paid	193.40	193.40	193.40
Dividend per share (MUR)	0.85	0.85	0.85
Dividend cover (times)	1.36	1.02	0.45
Net assets per share (MUR)	61.67	57.17	55.00
Weighted number of ordinary shares used in calculation (M)	227.55	227.55	227.55
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	16,524.0	15,781.7	15,089.7
Current assets	3,462.6	2,867.7	2,832.0
Non-current assets classified as held-for-sale	580.7	-	-
Total assets	20,567.3	18,649.4	17,921.7
Owners' interest of the Company	14,033.7	13,008.7	12,514.9
Non-controlling interests	1,019.9	983.5	987.5
Non-current liabilities	1,099.1	1,052.9	1,204.3
Current liabilities	4,414.6	3,604.3	3,215.0
Total equity and liabilities	20,567.3	18,649.4	17,921.7

** The figures presented in the statements of profit or loss and other comprehensive income for the year ended December 31, 2017 exclude the effects of prior year adjustments.



ADMINISTRATIVE

GROUP STRUCTURE



ACRONYMS

ALC	African Leadership College
AFNOR	Association Française de Normalisation
AMCO	Alcohol & Molasses Export Ltd
BOM	Bank Of Mauritius
BU	Business Unit
CEB	Central Electricity Board
CO₂	Carbon Dioxide
CSR	Corporate Social Responsibility
CWA	Central Water Authority
EPA	Environment Protection Act
ERM	Enterprise Risk Management
EU	European Union
EUR	Euro
FSA	Financial Services Act
FSC	Financial Services Commission
GDP	Gross Domestic Product
GIS	Geographic Information System
GRI	Formerly 'Global Reporting Initiative'
GHG	Greenhouse Gas
GJ	Giga Joules
GWh	Giga Watt per hour
HACCP	Hazard Analysis and Critical Control Points
HIV	Human Immunodeficiency Virus
ILO	International Labour Organization
IPP	Independent Power Producer
IPPA	Investment Promotion and Protection Agreement
ISO	International Organisation for Standardisation
KWh	Kilo Watt per hour
KPI	Key performance indicator
LMC	LMC International Ltd
LEAD	Leadership and Empowerment for Action and Development
MCIA	Mauritius Cane Industry Authority
MIOD	Mauritius Institute of Directors
MIGA	Multilateral Investment Guarantee Agency
MRA	Mauritius Revenue Authority
MSPA	Mauritius Sugar Producers Association
MSS	Mauritius Sugar Syndicate
MUR	Mauritian Rupee
MW	Mega Watt
NGO	Non-Governmental Organisation
NO_x	Nitrous Oxide
NPCC	National Productivity and Competitiveness Council
OHSAS	Occupational Health and Safety Management System
OSH	Occupational Safety and Health
PPA	Power Purchase Agreement
QSE	Quality, Security and Environment
SAFIRE	Service d'Accompagnement, de Formation, d'Intégration et de Réhabilitation de l'Enfant
SDG	Sustainable Development Goal
SEDEX	Supplier Ethical Data Exchange
SEM	Stock Exchange of Mauritius
SEMSI	Stock Exchange of Mauritius Sustainability Index
SIFB	Sugar Insurance Fund Board
SIFCA	Société Immobilière et Financière de la Côte Africaine
SO₂	Sulphur Dioxide
TIPA	Terrain for Interactive Pedagogy through Arts
USD	United States Dollar
WTO	World Trade Organisation

CORPORATE

Information

REGISTERED OFFICE

Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
Telephone : (230) 204 0808
Telefax : (230) 243 6363
E-mail : terra@terra.co.mu
Website : www.terra.co.mu

BANKERS

The Mauritius Commercial Bank Limited
SBM Bank (Mauritius) Ltd
ABSA Bank (Mauritius) Ltd
AfrAsia Bank Limited
BCP Bank (Mauritius) Ltd
Bank One Limited
Maubank Ltd
Standard Bank (Mauritius) Ltd

CANE

Terragri Ltd / Terra Milling Ltd

Belle Vue Mauricia
Mapou 31806
Republic of Mauritius
Telephone: (230) 266 8485
Telefax: (230) 266 1985
E-mail: terragri@terra.co.mu / terramilling@terra.co.mu

POWER

Terragen Ltd

Belle Vue – Mauricia
Mapou 31806
Republic of Mauritius
Telephone: (230) 266 1226
Telefax: (230) 266 8013
E-mail: terragen@terragen.mu

SECRETARY

Terra Services Ltd
Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 204 0808
Telefax: (230) 243 6363
E-mail : terra@terra.co.mu

AUDITORS

KPMG
KPMG Centre
31, Cybercity
Ebène, Republic of Mauritius
Telephone: (230) 406 9999
Telefax : (230) 406 9988
Website : www.kpmg.mu

PROPERTY AND LEISURE

Novaterra

Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 204 0808
Telefax: (230) 243 6161
E-mail: novaterra@novaterra.mu
Website : www.novaterra.mu

Sugarworld Ltd – L’Aventure du Sucre

Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 243 7900
Telefax: (230) 243 9699
E-mail : administration@aventuresucre.com
Website: www.aventuresucre.com

STONE CRUSHING AND BLOCK MAKING

Terrarock Ltd

Royal Road, Fond du Sac 20601
Republic of Mauritius
Telephone: (230) 266 1355
Telefax: (230) 266 9045
E-mail: proban@intnet.mu

CORPORATE SOCIAL RESPONSIBILITY

Terra Foundation

Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 204 0808
Telefax: (230) 243 1836
E-mail: foundation@terra.co.mu

FINANCE

Terra Finance Ltd

Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 204 0808
Telefax: (230) 243 9675
E-mail: terrafinance@terra.co.mu

BRANDS

Grays Inc. Ltd

Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 209 3000
Telefax: (230) 243 3664
E-mail: grays@grays.mu

Grays Distilling Ltd

Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone (230) 243 3734
Telefax: (230) 243 3733
E-mail: distilling@grays.mu

NOTICE

of Annual Meeting

Notice is hereby given that the **Annual Meeting of the shareholders of TERRA Mauricia Ltd ('Terra')** will be held at **Auditorium Paul Eynaud, L'Aventure du Sucre**, Beau Plan, Pamplemousses, on **Tuesday 10 November 2020 at 2.00 p.m.** to transact the following business:

1. To consider the Annual Report for the year ended 31 December 2019.
2. To receive the report of the auditors on the audited financial statements of Terra for the year ended 31 December 2019.
3. To consider and approve the audited financial statements of Terra for the year ended 31 December 2019.

Ordinary Resolution

"Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2019 be and are hereby approved".

4. To consider and approve by way of Ordinary Resolutions pursuant to clause 32 of the amended and restated constitution of Terra, the following matters pertaining to Terragri Ltd ('Terragri'):

- 4.1 the audited financial statements of Terragri for the year ended 31 December 2019.

Ordinary Resolution

"Resolved that the audited financial statements of Terragri for the year ended 31 December 2019 be and are hereby approved".

- 4.2 the re-election, pursuant to Clause 20.2 of the constitution of Terragri and Section 138 (6) of the Companies Act 2001, of Mr Maurice de Marassé Enouf as director of Terragri until the next Annual Meeting of shareholders of Terragri.

Ordinary Resolution

"Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri."

- 4.3 the re-election, pursuant to clauses 20.2 and 20.5.4 of the constitution of Terragri of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terragri (as separate resolutions):

- (i) Mr Alexis Harel
- (ii) Mr Alain Rey
- (iii) Mr Nikhil Treebhoohun.

Ordinary Resolution

"Resolved that the following persons be and are hereby re-elected as directors of Terragri (as separate resolutions):

- (i) Mr Alexis Harel
- (ii) Mr Alain Rey
- (iii) Mr Nikhil Treebhoohun."

- 4.4 the appointment of BDO & Co as auditors of Terragri under section 195 of the Companies Act 2001 and the authorisation by way of Ordinary Resolution to the Board of Terragri to fix their remuneration.

Ordinary Resolution

"Resolved that the appointment of BDO & Co as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terragri be and is hereby authorised to fix their remuneration."

5. To authorise by way of Ordinary Resolution the Board of directors of Terra in its capacity as representative of Terra, the sole shareholder of Terragri, to implement the resolutions referred to at paragraphs 4.1 to 4.4 above at the Annual Meeting of Terragri.

Ordinary Resolution

"Resolved that the Board of Terra, in its capacity as representative of Terra, the sole shareholder of Terragri, be and is hereby authorised to implement the resolutions passed pursuant to paragraphs 4.1 to 4.4 above at the Annual Meeting of Terragri."

NOTICE OF ANNUAL MEETING (CONT'D)

6. To consider and approve by way of Ordinary Resolutions the following matters pertaining to Terra:

- 6.1 the re-election, pursuant to clause 20.2 of the amended and restated constitution of Terra and Section 138 (6) of the Companies Act 2001, of Mr Maurice de Marassé Enouf as director of Terra until the next Annual Meeting of shareholders of Terra.

Ordinary Resolution

"Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra."

- 6.2 the re-election pursuant to clauses 20.2 and 20.5.4 of the amended and restated constitution of Terra of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terra (as separate resolutions):

- (i) Mr Alexis Harel
- (ii) Mr Alain Rey
- (iii) Mr Nikhil Treebhoohun.

Ordinary Resolution

"Resolved that the following persons be and are hereby re-elected as directors of Terra (as separate resolutions):

- (i) Mr Alexis Harel
- (ii) Mr Alain Rey
- (iii) Mr Nikhil Treebhoohun."

- 6.3 to fix for the period starting from 1st July 2020 and ending on 30 June 2021, the fees of (i) the directors of Terra at MUR 32,500 per month and MUR 19,500 per Board sitting; and (ii) the Chairperson of Terra at MUR 65,000 per month and MUR 39,000 per Board sitting, pursuant to clause 23.1 of the amended and restated constitution of Terra.

Ordinary Resolution

"Resolved that the fees for the period from 1st July 2020 to 30 June 2021 be and are hereby fixed at MUR 32,500 per month and MUR 19,500 per Board sitting for the directors of Terra; and MUR 65,000 per month and MUR 39,000 per Board sitting for the Chairperson of Terra."

7. To approve the appointment of BDO & Co as auditors under section 195 of the Companies Act 2001 and authorise by way of Ordinary Resolution the Board of Terra to fix their remuneration.

Ordinary Resolution

"Resolved that the appointment of BDO & Co as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terra be and is hereby authorised to fix their remuneration."

8. Question time.

By order of the Board

Terra Services Ltd
Secretary

Dated this 12th October 2020

P.T.O

NOTICE

of Annual Meeting (cont'd)

Notes:

- a. The Annual Report for the year ended 31 December 2019 is available on Terra's website www.terra.co.mu, under the 'Investors' section, in conformity with Practice Direction No 5, issued by the Registrar of Companies on 26 May 2020. A copy of the Annual Report can be requested by shareholders to the Company Secretary, Terra Services Ltd, Beau Plan Business Park, Pamplémousses 21001, and same will be sent by email or any other electronic means acceptable to the shareholder within two (2) working days of the request. Shareholders have also the right to receive, upon request, a hard copy of the Annual Report, which will be sent within two (2) working days of the request.
- b. A shareholder of Terra entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post.
- c. The appointment of proxy must be made in writing on the enclosed form and the document should reach the registered office of Terra, Beau Plan Business Park, Pamplémousses 21001, not less than twenty-four (24) hours before the time of holding the meeting, and in default, the instrument of proxy shall not be treated as valid. Any power of attorney or instrument under which the proxy is signed or notari ally certified must be produced before the start of the meeting.
- d. The notice for casting a postal vote must be made in writing on the enclosed form and sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of directors of Terra to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of Terra, Beau Plan Business Park, Pamplémousses 21001, not less than forty-eight (48) hours before the time of holding the meeting, and in default, the notice of postal vote shall not be treated as valid.
- e. For the purpose of the above Annual Meeting, the directors have resolved, in compliance with section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend the meeting shall be those shareholders whose names are registered in the share register of Terra as at 13 October 2020.
- f. The audited financial statements of Terragri for the year ended 31 December 2019 are available for inspection during normal business hours at the registered office of Terra, Beau Plan Business Park, Pamplémousses.
- g. A short biographic note on each director, including those proposed to be elected or re-elected, can be found on pages 68 and 69 of the Annual Report.

TERRA MAURICIA LTD

('THE COMPANY')

Proxy/Casting postal vote form

APPOINTMENT OF PROXY*

(see notes a, b and c overleaf)

I/We _____

of _____

being shareholder/s of the above named company hereby appoint

of _____

or failing him/her, _____

of _____

or the Chairperson as my/our proxy to vote for me/us at the **Annual Meeting** of the Company to be held on **Tuesday 10 November 2020** and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions, as indicated below:

CASTING POSTAL VOTES*

(see note b and d overleaf)

I/We _____

of _____

being shareholder/s of the above named company desire my/our vote/s to be cast as indicated on the under-mentioned resolutions at the **Annual Meeting** of the Company to be held on **Tuesday 10 November 2020** and at any adjournment thereof:

	For	Against	Abstain
Resolution 3 Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2019 be and are hereby approved.	_____	_____	_____
Resolution 4.1 Resolved that the audited financial statements of Terragri Ltd for the year ended 31 December 2019 be and are hereby approved.	_____	_____	_____
Resolution 4.2 Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri.	_____	_____	_____
Resolution 4.3 Resolved that the following persons be and are hereby re-elected as directors of Terragri (as separate resolutions): (i) Mr Alexis Harel (ii) Mr Alain Rey (iii) Mr Nikhil Treebhohun	_____	_____	_____
Resolution 4.4 Resolved that the appointment of BDO & Co as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terragri be and is hereby authorised to fix their remuneration.	_____	_____	_____
Resolution 5 Resolved that the Board of Terra, in its capacity as representative of Terra, the sole shareholder of Terragri, be and is hereby authorised to implement the resolutions passed pursuant to paragraphs 4.1 to 4.4 above at the Annual Meeting of Terragri.	_____	_____	_____

*:Please fill in either the proxy section or the postal vote one, but not both.

P.T.O

TERRA MAURICIA LTD

('THE COMPANY')

Proxy/Casting postal vote form

	For	Against	Abstain
Resolution 6.1 Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra.	_____	_____	_____
Resolution 6.2 Resolved that the following persons be and are hereby re-elected as directors of Terra (as separate resolutions): (i) Mr Alexis Harel (ii) Mr Alain Rey (iii) Mr Nikhil Treebhohun	_____	_____	_____
Resolution 6.3 Resolved that the fees for the period from 1st July 2020 to 30 June 2021 be and are hereby fixed at MUR 32,500 per month and MUR 19,500 per Board sitting for the directors of Terra; and MUR 65,000 per month and MUR 39,000 per Board sitting for the Chairperson of Terra.	_____	_____	_____
Resolution 7 Resolved that the appointment of BDO & Co as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terra be and is hereby authorised to fix their remuneration.	_____	_____	_____

Signed this day of 2020

Signature(s)

- Notes:**
- If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.
 - According to law, an abstention is not considered as a vote and will not be counted in the calculation of the proportion of votes for and against a resolution.
 - To be effective, this form of proxy should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.
 - To be effective, this notice of postal vote should be sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of directors of the Company to receive and count the postal votes at the Annual Meeting and should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than forty-eight (48) hours before the time of holding the meeting.

