

Independent Auditor's Report

To the shareholders of TERRA Mauricia Ltd

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of TERRA Mauricia Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 130 to 253 which comprise the consolidated and separate statements of financial position as at December 31, 2022, 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 notes to consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated and separate financial statements on pages 130 to 253, give a true and fair view of the financial position of the Group and the Company as at December 31, 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritian Companies Act 2001.

Basis for Qualified Opinion

Consolidated financial statements

As disclosed in notes 9 and 37 - Investment in 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, 2022, the share of the net assets of the Associate was MUR'M 557.9 (representing 16.0% of total Investment in Associates and 2.2% of Total Assets), and the share of loss from this Associate was MUR'M 126.1.

Due to a lack of supporting evidence, we were unable to obtain sufficient appropriate audit evidence regarding the financial information of the Associate.

This matter was similarly qualified for the year ended December 31, 2021. For this reason, our opinion for the current year financial statements is also modified as a result of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

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Basis for Qualified Opinion (Cont'd)

Separate financial statements

In the separate financial statements, investment in subsidiaries are carried at fair value. As disclosed in note 8 and 36 - Investment in Subsidiaries, the investment in Ivoirel Limitée (a subsidiary having Sucrivoire S.A. as an associate), has a carrying value of MUR'M 32.5 (representing 0.2% of total Investment in Subsidiaries and 0.2% of Total Assets). The Company recorded a fair value decrease of MUR'M 317.0 (from MUR'M 349.5 to MUR'M 32.5) which has been included 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 available.

This matter was similarly qualified for the year ended December 31, 2021. For this reason, our opinion for the current year financial statements is also modified as a result of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"). 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report

To the shareholders of TERRA Mauricia Ltd (Cont'd)

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Valuation of land and buildings (applicable to the consolidated financial statements)

Refer to notes 2.2, 4.1 and 5 of the accompanying financial statements

KEY AUDIT MATTER	AUDIT RESPONSE
<p>The Group carries its land and buildings at revalued amount under the revaluation model in terms of IAS 16 Property, plant and equipment. Land and buildings, which consists mainly of agricultural land, is included under property, plant and equipment, with a combined carrying value of MUR'M 10,291.7, as at December 31, 2022.</p> <p>Land and buildings are revalued every 3 years, unless there is evidence that the fair value of an asset differs materially from the carrying amount. The fair value of land and buildings is determined by an independent external valuer. The last valuation was carried out at December 31, 2022.</p> <p>The valuation process involves significant judgement in determining the valuation methodology to be used and in estimating the underlying assumptions to be applied. The recent valuation was based on recent market transaction on arm's length terms for similar properties determined based on market comparable approach or on depreciated replacement cost when appropriate market value cannot be established.</p> <p>This matter was considered to be one of most significance in the audit of the Group financial statements due to the material balance of land and buildings in the Group's financial statements and significant judgements and estimates involved in arriving at their fair values.</p>	<p>Our audit procedures in respect of this key audit matter included, amongst other:</p> <ul style="list-style-type: none">– Assessing the design and implementation of the key controls relating to the valuation of land and buildings.– Confirming the independence of management's expert (the external valuer) including their experience and qualifications.– Obtaining the valuation reports prepared by the external valuer and assessing for reasonability by assessing key assumptions used and comparing with available market data.– Testing the mathematical accuracy of the underlying conditions used in the valuation models.– Ensuring that the measurement basis for the valuation and valuation methods used were in accordance with International Financial Reporting Standards.– Satisfying ourselves that the techniques used in the open market value models by the external valuers are appropriate in the circumstances and have been applied consistently.– Making enquiries with management with regards to the input to the valuation and requested management representation.– Engaging with our valuation specialists to assess the reasonableness of the fair values attributed to land and buildings and the significant assumptions used to arrive at the fair values.– Comparing the actual sales of land realised during the year with valuation report to confirm that there is no major difference in the value.– Reviewing the completeness and adequacy of the disclosure in the financial statements for compliance with International Financial Reporting Standards, including disclosure on significant inputs and sensitivity analysis.

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Impairment Assessment of Non-Current Assets (applicable to the consolidated financial statements)

Refer to notes 2.17, 4.1, 5 and 7 of the accompanying financial statements

KEY AUDIT MATTER	AUDIT RESPONSE
<p>In line with IAS 36, Impairment of Assets requirements, an impairment assessment should be performed when there is any indicator of impairment on non-financial assets.</p> <p>At December 31, 2022, an impairment assessment had been performed for the power plant of Terragen Ltd, whereby the recoverable amount has been compared to its carrying amounts.</p> <p>The recoverable amount being the higher of the value in use and fair value less costs of disposal. An impairment is recognised should the recoverable amount of the asset be less than its carrying amount.</p> <p>Due to the specialised nature of the power plant, and on the facts and circumstances existing as at reporting date, management has determined the recoverable amount of the power plant and ancillary equipment using the R2 IOWA curve.</p> <p>In applying the R2 IOWA curve, several inputs and assumptions were used such as:</p> <ul style="list-style-type: none"> – Historical cost of the asset; – Annual historical inflation since acquisition date; – Average useful life; – Age of the asset. <p>A discount for economic obsolescence and cost of disposing of the assets was also applied to arrive at the recoverable amount.</p> <p>The determination of the recoverable amounts involves a high level of judgement and estimation, hence has been considered as a key audit matter in the audit of the Group's financial statements.</p>	<p>Our audit procedures in respect of this key audit matter included, amongst other:</p> <ul style="list-style-type: none"> – Evaluating the design and implementation of the relevant controls relating to the assessment of impairment indicators for non-current assets, when annual impairment test is not mandatory. – Evaluating management's impairment assessment to determine whether indicators of impairment exist based on our knowledge of the Group and current market information. – Obtaining impairment assessment as prepared by management and discussing the reasonableness of assumptions used to obtain a better understanding of the value in use calculations. – Engaging with our valuation expert to: <ul style="list-style-type: none"> • evaluate the appropriateness of the valuation methodology used by management; • ensure the inputs used in the valuation are accurate; • check the reasonableness of the assumptions used based on conditions existed at year end; • test the mathematical accuracy of the valuation; • perform sensitivity analysis to determine the upper and lower range of the recoverable amount. – Evaluating the completeness and adequacy of the financial statement disclosures in accordance with International Financial Reporting Standards.

Independent Auditor's Report

To the shareholders of TERRA Mauricia Ltd (Cont'd)

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Other Information

The Directors are responsible for the other information. The other information comprises mainly of information contained in the Annual Report, including the Corporate Governance Report, Statement of Compliance, Statement of Directors' Responsibilities and Statutory Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon. All other information in the Annual Report, except those disclosed above, will be made available to us after that date. If we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report in this regard. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the financial information of an investment in associate and a subsidiary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, 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 the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Auditor's 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 auditor's 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 the 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 the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group and the 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 and separate 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 those charged with governance 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.

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Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have no relationship with or interests in, the Company and its subsidiaries other than in our capacity as auditor 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.

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("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 public interest entity has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

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Other Matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders, those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



BDO & CO

Chartered Accountants

Port Louis,
Mauritius.

April 27, 2023



Ameenah Ramdin, FCCA, FCA

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