# Financial Statements


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# 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.

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

## 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 |
| --- | --- |
| 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.<br><br>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.<br><br>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.<br><br>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. | Our audit procedures in respect of this key audit matter included, amongst other:<br><br>– Assessing the design and implementation of the key controls relating to the valuation of land and buildings.<br><br>– Confirming the independence of management's expert (the external valuer) including their experience and qualifications.<br><br>– Obtaining the valuation reports prepared by the external valuer and assessing for reasonability by assessing key assumptions used and comparing with available market data.<br><br>– Testing the mathematical accuracy of the underlying conditions used in the valuation models.<br><br>– Ensuring that the measurement basis for the valuation and valuation methods used were in accordance with International Financial Reporting Standards.<br><br>– 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.<br><br>– Making enquiries with management with regards to the input to the valuation and requested management representation.<br><br>– 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.<br><br>– Comparing the actual sales of land realised during the year with valuation report to confirm that there is no major difference in the value.<br><br>– 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 |
|---|---|
| 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.<br><br>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.<br><br>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.<br><br>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.<br><br>In applying the R2 IOWA curve, several inputs and assumptions were used such as:<br>– Historical cost of the asset;<br>– Annual historical inflation since acquisition date;<br>– Average useful life;<br>– Age of the asset.<br><br>A discount for economic obsolescence and cost of disposing of the assets was also applied to arrive at the recoverable amount.<br><br>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. | Our audit procedures in respect of this key audit matter included, amongst other:<br>– 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.<br>– Evaluating management's impairment assessment to determine whether indicators of impairment exist based on our knowledge of the Group and current market information.<br>– 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.<br>– Engaging with our valuation expert to:<br>• evaluate the appropriateness of the valuation methodology used by management;<br>• ensure the inputs used in the valuation are accurate;<br>• check the reasonableness of the assumptions used based on conditions existed at year end;<br>• test the mathematical accuracy of the valuation;<br>• perform sensitivity analysis to determine the upper and lower range of the recoverable amount.<br>– 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)

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

### 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.

# 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)

### 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.

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

### 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

**Ameenah Ramdin, FCCA, FCA**
Licensed by FRC

Port Louis,
Mauritius.
April 27, 2023

# Consolidated and Separate Statements of Financial Position

December 31, 2022

| | Notes | THE GROUP 2022 MUR'M | THE GROUP 2021 MUR'M | THE COMPANY 2022 MUR'M | THE COMPANY 2021 MUR'M |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | **11,852.9** | 10,622.8 | **-** | - |
| Right-of-use assets | 5A | **90.5** | 54.4 | **-** | - |
| Investment properties | 6 | **2,645.4** | 1,956.3 | **-** | - |
| Intangible assets and goodwill | 7 | **224.4** | 193.1 | **-** | - |
| Investments in subsidiaries | 8 | **-** | - | **15,255.8** | 13,647.5 |
| Investments in associates | 9 | **3,492.1** | 3,657.0 | **203.3** | 245.6 |
| Financial assets at fair value through other comprehensive income | 10 | **725.3** | 660.0 | **768.6** | 702.5 |
| Financial assets at amortised cost | 11 | **6.3** | 7.7 | **-** | - |
| Lease receivables | 5B | **49.1** | 46.8 | **-** | - |
| Deferred tax assets | 13 | **157.1** | 216.7 | **-** | - |
| | | **19,243.1** | 17,414.8 | **16,227.7** | 14,595.6 |
| **Current assets** | | | | | |
| Inventories | 14 | **1,624.9** | 1,288.7 | **-** | - |
| Consumable biological assets | 15 | **295.6** | 193.3 | **-** | - |
| Trade and other receivables | 16 | **1,763.8** | 1,759.1 | **49.3** | 44.5 |
| Financial assets at amortised cost | 11 | **4.3** | 17.3 | **-** | - |
| Lease receivables | 5B | **2.5** | 2.4 | **-** | - |
| Current tax assets | 24(a) | **20.1** | 3.2 | **0.1** | - |
| Cash in hand and at bank | 33(b) | **705.5** | 505.8 | **35.5** | 35.2 |
| | | **4,416.7** | 3,769.8 | **84.9** | 79.7 |
| Non-current assets classified as held for sale | 17(i) | **1,391.6** | 1,098.7 | **256.9** | 351.7 |
| **Total assets** | | **25,051.4** | 22,283.3 | **16,569.5** | 15,027.0 |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | **2022** | 2021 | **2022** | 2021 |
| **EQUITY AND LIABILITIES** | | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Capital and reserves** | | | | | |
| Stated capital | 18 | **11,976.0** | 11,976.0 | **11,976.0** | 11,976.0 |
| Revaluation and other reserves | 19 | **2,636.4** | 1,678.7 | **2,052.9** | 532.9 |
| Retained earnings | | **1,455.7** | 504.7 | **1,470.4** | 1,418.3 |
| **Owners' interest of the Company** | | **16,068.1** | 14,159.4 | **15,499.3** | 13,927.2 |
| Non-controlling interests | | **985.7** | 840.1 | **-** | - |
| **Total equity** | | **17,053.8** | 14,999.5 | **15,499.3** | 13,927.2 |
| **Non-current liabilities** | | | | | |
| Borrowings | 20 | **3,326.5** | 3,097.6 | **1,009.6** | 851.6 |
| Lease liabilities | 21 | **38.7** | 12.9 | **-** | - |
| Deferred tax liabilities | 13 | **141.3** | 242.5 | **-** | - |
| Retirement benefit obligations | 22 | **679.2** | 628.8 | **-** | - |
| | | **4,185.7** | 3,981.8 | **1,009.6** | 851.6 |
| **Current liabilities** | | | | | |
| Trade and other payables | 23 | **1,128.8** | 1,243.6 | **12.3** | 12.0 |
| Contract liabilities | 25(c) | **246.4** | 158.7 | **-** | - |
| Current tax liabilities | 24(a) | **9.0** | 42.9 | - | 0.2 |
| Borrowings | 20 | **1,316.4** | 1,038.6 | **48.3** | 236.0 |
| Lease liabilities | 21 | **47.7** | 36.5 | **-** | - |
| | | **2,748.3** | 2,520.3 | - | 248.2 |
| Liabilities directly associated with non-current assets classified as held for sale | 17(ii) | **1,063.6** | 781.7 | **-** | - |
| **Total liabilities** | | **7,997.6** | 7,283.8 | **1,070.2** | 1,099.8 |
| **Total equity and liabilities** | | **25,051.4** | 22,283.3 | **16,569.5** | 15,027.0 |

These financial statements have been approved and authorised for issue by the Board of Directors on April 27, 2023.

**Alain Rey**
Chairman

**Kalindee Ramdhonee**
Director

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

# Consolidated and Separate Statements of Profit or Loss

## Year ended December 31, 2022

| | Notes | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2022** | 2021 | **2022** | 2021 |
| | | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Continuing operations:** | | | | | |
| Revenue | 25 | **6,605.4** | 6,223.8 | **345.3** | 210.9 |
| Cost of sales | 29 | **(4,710.9)** | (4,780.1) | **-** | - |
| **Gross profit** | | **1,894.5** | 1,443.7 | **345.3** | 210.9 |
| Gains arising from changes in fair value of consumable biological assets | 15 | **102.3** | 20.7 | **-** | - |
| Fair value (loss)/gain on non-current assets classified as held for sale | 17 | **(94.8)** | 77.0 | **-** | - |
| Other income | 26 | **134.0** | 243.3 | **2.1** | 4.7 |
| Impairment loss of financial assets | 27 | **(48.0)** | (59.5) | **-** | (1.0) |
| Impairment loss of non-financial assets | 27 | **(0.7)** | (536.3) | **-** | - |
| Reversal of impairment loss on financial assets | 27A | **11.3** | 60.4 | **-** | 9.2 |
| Reversal of impairment loss on non-financial assets | 27A | **12.0** | - | **-** | - |
| Administrative expenses | 29 | **(781.0)** | (667.2) | **(25.1)** | (29.6) |
| Distribution costs | 29 | **(137.9)** | (165.5) | **-** | - |
| Other expenses | 29 | **(308.7)** | (252.5) | **-** | - |
| **Profit before finance costs** | 28 | **783.0** | 164.1 | **322.3** | 194.2 |
| Finance income | 30 | **32.0** | 10.0 | **0.6** | 3.0 |
| Finance costs | 30 | **(187.0)** | (159.2) | **(43.0)** | (37.1) |
| **Net finance costs** | | **(155.0)** | (149.2) | **(42.4)** | (34.1) |
| **Profit after finance costs** | | **628.0** | 14.9 | **279.9** | 160.1 |
| Share of results of associates | 9 | **321.0** | 290.5 | **-** | - |
| Gain on remeasurement of associate | 35(a)(ii) | **-** | 24.9 | **-** | - |
| Profit on disposal of associate | | **-** | 39.8 | **-** | - |
| Impairment of associates | 9 | **-** | (3.0) | **-** | - |
| **Profit before taxation** | | **949.0** | 367.1 | **279.9** | 160.1 |
| Taxation | 24(b) | **44.0** | (50.4) | **(0.3)** | 0.3 |
| **Profit for the year from continuing operations** | | **993.0** | 316.7 | **279.6** | 160.4 |
| **Discontinued operations:** | | | | | |
| Net profit for the year from discontinued operations | 34 | **56.5** | - | **-** | - |
| **Profit for the year** | | **1,049.5** | 316.7 | **279.6** | 160.4 |
| **Profit attributable to:** | | | | | |
| Owners of the Company | | **893.2** | 462.3 | | |
| Non-controlling interests | | **156.3** | (145.6) | | |
| | | **1,049.5** | 316.7 | | |
| **Earnings per share (MUR)** | | | | | |
| Basic and diluted | | | | | |
| - From continuing and discontinued operations | 31 | **3.93** | 2.03 | | |
| - From continuing operations | 31 | **3.77** | 2.03 | | |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

# Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2022

| | Notes | THE GROUP 2022 MUR'M | THE GROUP 2021 MUR'M | THE COMPANY 2022 MUR'M | THE COMPANY 2021 MUR'M |
|---|---|---|---|---|---|
| **Profit for the year** | | **1,049.5** | 316.7 | **279.6** | 160.4 |
| **Other comprehensive income:** | | | | | |
| ***Items that will not be reclassified to profit or loss:*** | | | | | |
| Continuing operations: | | | | | |
| Revaluation adjustments of land and buildings and plant | 5(a) | **1,601.4** | - | - | - |
| Deferred tax on revaluation of buildings | 13 | **(21.2)** | - | - | - |
| Remeasurements of retirement benefit obligations | 22(a)(vi) | **(57.5)** | 221.2 | - | - |
| Deferred tax on remeasurements of retirement of benefit obligations | 13(c) | **9.6** | (33.8) | - | - |
| Changes in fair value of equity instruments at fair value through other comprehensive income | 19 | **48.0** | (77.8) | **1,520.0** | 269.1 |
| Discontinued operations: | | | | | |
| Revaluation adjustments of land and buildings and plant | | **11.7** | - | - | - |
| Remeasurements of retirement benefit obligations | | **10.3** | - | - | - |
| Deferred tax on retirement benefit obligations and revaluation of buildings | | **(2.8)** | - | - | - |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | | | |
| Share of other comprehensive (loss)/income of associates | 9(a)(ii) | **(227.4)** | 205.2 | - | - |
| Translation reserve movement | | **(24.9)** | 57.1 | - | - |
| Other comprehensive income for the year | | **1,347.2** | 371.9 | **1,520.0** | 269.1 |
| **Total comprehensive income for the year, net of tax** | | **2,396.7** | 688.6 | **1,799.6** | 429.5 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | **2,186.5** | 799.7 | | |
| Non-controlling interests | | **210.2** | (111.1) | | |
| | | **2,396.7** | 688.6 | | |
| **Total comprehensive income for the year analysed as follows:** | | | | | |
| Continuing operations | | **2,321.0** | 688.6 | | |
| Discontinued operations | | **75.7** | - | | |
| | | **2,396.7** | 688.6 | | |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

# Consolidated and Separate Statements of Changes in Equity

Year ended December 31, 2022

| THE GROUP | Notes | Share Capital | Revaluation and Other Reserves | Retained Earnings | Total | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | | |
| | | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| At January 1, 2021 | | 11,976.0 | 1,307.8 | 309.7 | 13,593.5 | 975.4 | 14,568.9 |
| Profit for the year | | - | - | 462.3 | 462.3 | (145.6) | 316.7 |
| Other comprehensive profit for the year | | - | 337.4 | - | 337.4 | 34.5 | 371.9 |
| Total comprehensive income for the year | | - | 337.4 | 462.3 | 799.7 | (111.1) | 688.6 |
| Release on disposal of land | | - | (50.0) | 50.0 | - | - | - |
| Changes in ownership interest in subsidiaries that do not result in a loss of control | | - | 95.7 | (95.7) | - | - | - |
| Changes in ownership interest from associate to subsidiary | | - | (12.9) | (28.6) | (41.5) | 1.3 | (40.2) |
| Other movements | | - | 0.7 | 0.4 | 1.1 | 0.8 | 1.9 |
| Dividends | 32 | - | - | (193.4) | (193.4) | (26.3) | (219.7) |
| **Balance at December 31, 2021** | | 11,976.0 | 1,678.7 | 504.7 | 14,159.4 | 840.1 | 14,999.5 |
| At January 1, 2022 | | **11,976.0** | **1,678.7** | **504.7** | **14,159.4** | **840.1** | **14,999.5** |
| Profit for the year | | **-** | **-** | **893.2** | **893.2** | **156.3** | **1,049.5** |
| Other comprehensive income for the year | | **-** | **1,293.3** | **-** | **1,293.3** | **53.9** | **1,347.2** |
| Total comprehensive income for the year | | **-** | **1,293.3** | **893.2** | **2,186.5** | **210.2** | **2,396.7** |
| Release on disposal of land and buildings | | **-** | **(258.4)** | **258.4** | **-** | **-** | **-** |
| Changes in ownership interest in subsidiaries that do not result in loss of control | | **-** | **(69.2)** | **30.9** | **(38.3)** | **(36.6)** | **(74.9)** |
| Other movements | | **-** | **(8.0)** | **(4.0)** | **(12.0)** | **(3.7)** | **(15.7)** |
| Dividends | 32 | **-** | **-** | **(227.5)** | **(227.5)** | **(24.3)** | **(251.8)** |
| **Balance at December 31, 2022** | | **11,976.0** | **2,636.4** | **1,455.7** | **16,068.1** | **985.7** | **17,053.8** |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

| **THE COMPANY** | Notes | **Share Capital** | **Amalgamation Reserve** | **Equity Instruments at Fair value through OCI Reserve** | **Retained Earnings** | **Total** |
|---|---|---|---|---|---|---|
| | | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| At January 1, 2021 | | 11,976.0 | (43.3) | 211.4 | 1,547.0 | 13,691.1 |
| Profit for the year | | - | - | - | 160.4 | 160.4 |
| Other comprehensive income for the year | | - | - | 269.1 | - | 269.1 |
| Total comprehensive income for the year | | - | - | 269.1 | 160.4 | 429.5 |
| Release on disposal of equity investments at fair value through OCI | | - | - | 95.7 | (95.7) | - |
| Dividends | 32 | - | - | - | (193.4) | (193.4) |
| **At December 31, 2021** | | 11,976.0 | (43.3) | 576.2 | 1,418.3 | 13,927.2 |
| At January 1, 2022 | | **11,976.0** | **(43.3)** | **576.2** | **1,418.3** | **13,927.2** |
| Profit for the year | | **-** | **-** | **-** | **279.6** | **279.6** |
| Other comprehensive income for the year | | **-** | **-** | **1,520.0** | **-** | **1,520.0** |
| Total comprehensive income for the year | | **-** | **-** | **1,520.0** | **279.6** | **1,799.6** |
| Dividends | 32 | **-** | **-** | **-** | **(227.5)** | **(227.5)** |
| **At December 31, 2022** | | **11,976.0** | **(43.3)** | **2,096.2** | **1,470.4** | **15,499.3** |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

# Consolidated and Separate Statements of Cash Flows

Year ended December 31, 2022

| | Notes | THE GROUP 2022 MUR'M | THE GROUP 2021 MUR'M | THE COMPANY 2022 MUR'M | THE COMPANY 2021 MUR'M |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Profit before taxation from continuing operations | | **949.0** | 367.1 | **279.9** | 160.1 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 5 | **315.5** | 360.3 | - | - |
| Depreciation of right-of-use assets | 5A | **21.9** | 17.3 | - | - |
| Profit on sale of property, plant and equipment | 26 | **(53.4)** | (144.9) | - | - |
| Profit on disposal of associate | | - | (39.8) | - | - |
| Retirement benefit obligations | 22 | **60.3** | 49.7 | - | - |
| Amortisation of intangible assets and goodwill | 7 | **10.0** | 7.2 | - | - |
| Depreciation of investment properties | 6 | **27.1** | 17.1 | - | - |
| Impairment on investment property | 6 | **0.7** | 0.4 | - | - |
| Impairment on property, plant and equipment | 5 | - | 535.9 | - | - |
| Dividend income | 25 | **(27.1)** | - | **(345.3)** | (210.9) |
| Interest expense | 30 | **187.0** | 159.2 | **43.0** | 37.1 |
| Interest income | | **(32.0)** | (10.0) | **(0.6)** | (3.0) |
| Share of results of associates | 9 | **(321.0)** | (290.5) | - | - |
| Impairment of associates | 9 | - | 3.0 | - | - |
| Impairment of financial assets | 27 | - | 1.0 | - | 1.0 |
| Reversal of impairment of financial assets | 27A | - | (9.2) | - | (9.2) |
| Loss/(gain) on fair value measurement | 17(i) | **94.8** | (77.0) | - | - |
| Changes in working capital: | | | | | |
| - Inventories | | **(231.3)** | 31.2 | - | - |
| - Financial assets at amortised cost | | **14.4** | 45.7 | - | 9.2 |
| - Consumable biological assets | 15 | **(102.3)** | (20.7) | - | - |
| - Trade and other receivables | | **(4.7)** | (576.0) | **(4.8)** | 2.3 |
| - Lease receivables | | **(2.4)** | (2.3) | - | - |
| - Contract liabilities | | **87.7** | 62.8 | - | - |
| - Trade and other payables | | **(114.8)** | 216.5 | **0.3** | (36.6) |
| **Cash generated from/(used) in operations** | | **879.4** | 704.0 | **(27.5)** | (50.0) |
| Interest paid | | **(184.9)** | (159.2) | **(43.0)** | (37.1) |
| Employer's contribution to pension plan | 22 | **(67.4)** | (64.8) | - | - |
| Tax recovered | 24(a) | **0.9** | - | - | - |
| Tax paid | 24(a) | **(31.4)** | (51.2) | **(0.6)** | - |
| Dividends received from associates | 9(a)(ii) | **97.8** | 78.9 | - | - |
| Dividend received | | **27.1** | - | **345.3** | 210.4 |
| **Net cash generated from operating activities** | | **721.5** | 507.7 | **274.2** | 123.3 |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 122 to 129.

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | **2022** | 2021 | **2022** | 2021 |
| | | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Investing activities** | | | | | |
| Purchase of property, plant and equipment | 5(a) | **(383.6)** | (250.3) | **-** | - |
| Purchase of investment properties | 6 | **(416.6)** | (375.4) | **-** | - |
| Intangible assets acquired | 7(a) | **(19.2)** | (3.4) | **-** | - |
| Purchase of investment in: | | | | | |
| - Associates | 9(ii) | **-** | (59.2) | **-** | (47.7) |
| - Financial assets at fair value through other comprehensive income | 10(i) | **(17.3)** | (50.1) | **(17.3)** | (61.0) |
| Acquisition of non-controlling interest in subsidiary | 34 | **-** | (18.7) | **-** | - |
| Proceeds on sale of property, plant and equipment | | **80.8** | 206.6 | **-** | - |
| Proceeds on sale of investment properties | | **9.8** | 63.7 | **-** | - |
| Proceeds on disposal of right of use assets | | **0.3** | 2.2 | **-** | - |
| Proceeds on sale of investments | | **-** | 94.6 | **-** | 94.6 |
| Deposits on investments | | **-** | (82.9) | **-** | - |
| Interest received | | **11.4** | 10.0 | **0.6** | 3.0 |
| **Net cash used in investing activities** | | **(734.4)** | (462.9) | **(16.7)** | (11.1) |
| | | | | | |
| **Financing activities** | | | | | |
| Proceeds from borrowings | 33(a) | **568.5** | 403.6 | **(29.7)** | 97.3 |
| Repayment of borrowings | 33(a) | **(50.0)** | (199.6) | **-** | - |
| Principal paid on lease liabilities | 21(e) | **(20.8)** | (17.3) | **-** | - |
| Interest paid on lease liabilities | 21(e) | **(2.1)** | (2.0) | **-** | - |
| Dividends paid to shareholders of TERRA Mauricia Ltd | 32 | **(227.5)** | (193.4) | **(227.5)** | (193.4) |
| Dividends paid to non-controlling interests | 32 | **(24.3)** | (26.3) | **-** | - |
| **Net cash generated from/(used in) financing activities** | | **243.8** | (35.0) | **(257.2)** | (96.1) |
| | | | | | |
| **Increase in cash and cash equivalents** | | **230.9** | 9.8 | **0.3** | 16.1 |
| | | | | | |
| **Movement in cash and cash equivalents** | | | | | |
| At January 1, | | **472.4** | 432.9 | **35.2** | 19.1 |
| Effect of foreign exchange rate changes | | **(19.4)** | 29.7 | **-** | - |
| Increase | | **230.9** | 9.8 | **0.3** | 16.1 |
| **At December 31,** | 33(b) | **683.9** | 472.4 | **35.5** | 35.2 |

The notes on pages 138 to 253 form an integral part of these consolidated and separate financial statements.
Independent auditor's report on pages 122 to 129.

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022

## 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, Pamplemousses.

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 36.

## 1B. Basis of preparation

The financial statements of TERRA Mauricia Ltd and its subsidiaries comply with the Mauritian Companies Act 2001 and Mauritian Financial Reporting Act 2004 (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 values;
(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 values.

## 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 Application of New and Revised International Financial Reporting Standards ("IFRS")

In the current year, the Group and Company have applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2022.

# 2. Significant Accounting Policies (Cont'd)

## 2.1 Application of New and Revised International Financial Reporting Standards ("IFRS") (Cont'd)

***New and revised Standards and Interpretations that are effective for the reporting period***

The following relevant revised standards have been applied in these financial statements. Their applications have not had any material impact on the amounts reported for current and prior years but may affect the accounting for future transactions or arrangements.

| | |
|---|---|
| IAS 16 | Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) |
| IFRS 3 | Business Combinations - Amendments updating a reference to the Conceptual Framework |
| IFRS 9 | Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the '10 per cent' test for derecognition of financial liabilities) |
| IFRS 16 | Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification. |

***New and revised Standards and Interpretations in issue but not yet effective***

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual period on or after the respective dates as indicated:

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements - Amendments regarding classification of liabilities (effective January 1, 2024) |
| IAS 1 | Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective January 1, 2024) |
| IAS 1 | Presentation of Financial Statements - Amendment regarding the disclosure of accounting policies (effective January 1, 2023) |
| IAS 1 | Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective January 1, 2024) |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates (effective January 1, 2023) |
| IAS 12 | Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective January 1, 2023) |
| IAS 28 | Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinetely) |
| IFRS 16 | Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective January 1, 2024). |

## 2. Significant Accounting Policies (Cont'd)

### 2.1 Application of New and Revised International Financial Reporting Standards ("IFRS") (Cont'd)

**Conceptual framework**

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group and the Company.

The Directors anticipate that these amendments will be applied in the annual financial statements for the annual periods beginning on the respective dates as indicated above. The Directors are still evaluating the application and the potential impact of these amendments.

### 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 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 and construction in progress are not depreciated.

# 2. Significant Accounting Policies (Cont'd)

## 2.2 Property, plant and equipment (Cont'd)

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 is recognised in profit or loss.

The carrying amount of an item of property, plant and equipment is 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.

## 2.3 Investment properties

Investment properties comprise of 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% |

Transfers of 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

***Inventory property under development***

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.

## 2. Significant Accounting Policies (Cont'd)

### 2.3 Investment properties (Cont'd)

***Inventory property under development (Cont'd)***

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

- Freehold land;
- Amounts paid to contractors for development; and
- 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.

(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.

# 2. Significant Accounting Policies (Cont'd)

## 2.4 Intangible assets and goodwill (Cont'd)

### (i) *Land conversion rights (Cont'd)*

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.

<u>Useful life</u>
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. The Directors have considered the relevant factors in determining the useful life of the distribution rights. As there is no foreseeable limit to the period over which these are expected to generate net cash inflows for the Group, the distribution rights have been assessed as having an indefinite useful life.

### (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).

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

### (iv) *Goodwill*

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.

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
Year ended December 31, 2022 (Cont'd)

## 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, with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve as per Note 2.7(b)(i) - Fair value through other comprehensive income.

*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 as per note 2.7(a).

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.

Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets) are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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.

# 2. Significant Accounting Policies (Cont'd)

## 2.5 Investment in subsidiaries (Cont'd)

*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.

## 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, with changes in fair value recognised in other comprehensive income and accumulated in fair value reserve as per Note 2.7(b)(i) - Fair value through other comprehensive income.

*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. Significant Accounting Policies (Cont'd)

### 2.7 Financial instruments

(a) *Recognition and initial measurement*

All financial instruments 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.

<u>Amortised cost</u>

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 or loss 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.

# 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 (Cont'd)

Impairment allowance for receivables from related parties and loans to related parties is recognised based on the general approach and 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 months 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 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 financial assets at amortised cost in the statement of financial position.

## 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; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

# 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)

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:
- 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).

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**

Amortised cost

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.

## 2. Significant Accounting Policies (Cont'd)

### 2.7 Financial instruments (Cont'd)

(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.

On derecognition of equity instruments at fair value through other comprehensive income, the difference between the asset's carrying amount remeasured at the date of derecognition, and the sum of the consideration received and receivable is recognised in profit or loss. Any balance within the FVOCI reserve is directly reclassified to retained earnings and is not reclassified to profit or loss.

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 their fair value less costs to sell with any change therein recognised in profit or loss.

(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. Significant Accounting Policies (Cont'd)

## 2.9 Leases

### (i) *As a lessee*

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.

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.

## 2. Significant Accounting Policies (Cont'd)

### 2.9 Leases (Cont'd)

(i) *As a lessee (Cont'd)*

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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 using a revised discount rate. 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, except the discount rate remains unchanged. 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 of 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 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.

# 2. Significant Accounting Policies (Cont'd)

## 2.9 Leases (Cont'd)

(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.

Most 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'.

## 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.

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022 (Cont'd)

## 2. Significant Accounting Policies (Cont'd)

### 2.10 Current and deferred income tax (Cont'd)

*Deferred tax (Cont'd)*

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.

# 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.

When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## 2.12 Non-current assets classified as held for sale and discontinued operations

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.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for distribution, and:
• Represents a major line of business or geographical area of operations;
• Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
• Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

## 2. Significant Accounting Policies (Cont'd)

### 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.

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.

# 2. Significant Accounting Policies (Cont'd)

## 2.14 Retirement benefit obligations (Cont'd)

*Gratuity on retirement*

The Workers' Right Act 2019 stipulates that the gratuity paid on retirement should be based on the remuneration (which is inclusive of payment for extra work, productivity bonus, attendance bonus, commission in return for services and any other regular payments) of the employee instead of earnings. The amount due per year of service is 15 days remuneration based on a month of 26 days (15/26) for a worker employed on a 6-day week and 15 days remuneration based on a month of 22 days (15/22) for a worker employed on a 5-day week.

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.

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. Significant Accounting Policies (Cont'd)

### 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 profit or loss.

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.

# 2. Significant Accounting Policies (Cont'd)

## 2.16 Foreign currencies (Cont'd)

### (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:

(a) 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;

(b) Income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates; and

(c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to 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, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## 2.17 Impairment of non-financial assets

<u>Impairment of non-financial assets excluding goodwill, land conversion rights and brand rights</u>

At each reporting date, the Group reviews the carrying amounts of its non-financial assets 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.

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.

## 2. Significant Accounting Policies (Cont'd)

### 2.17 Impairment of non-financial assets (Cont'd)

Impairment of non-financial assets excluding goodwill, land conversion rights and brand rights (Cont'd)

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.

### 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.

# 2. Significant Accounting Policies (Cont'd)

## 2.18 Revenue recognition (Cont'd)

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

Performance obligations and timing of revenue recognition (Cont'd)

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.

## 2. Significant Accounting Policies (Cont'd)

### 2.18 Revenue recognition (Cont'd)

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

(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.

(ii) *Power cluster*

The power 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 Group 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.

# 2. Significant Accounting Policies (Cont'd)

## 2.18 Revenue recognition (Cont'd)

### (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.

### (d) *Other revenues*

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.
- 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.

## 2.19 Dividend distribution

Dividends which have been appropriately authorised and which are non-discretionary, on or before the end of the reporting period but not distributed at the end of the reporting date are 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.

## 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 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.

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.

# 2. Significant Accounting Policies (Cont'd)

## 2.22 Fair value measurement (Cont'd)

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.

## 2.23 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.

## 2.24 Foreseeable losses

In accordance with the accounting policy, when it is probable that the total contract cost will exceed total contract revenue, management makes its best forecast of such costs and the total expected loss on the contract is recognised as an expense immediately.

## 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.

## 2. Significant Accounting Policies (Cont'd)

### 2.27 Construction contract

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'stage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to surveys of work performed or completion of a physical proportion of 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.

The Group presents as an asset (Contract Assets) the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The Group presents as a liability (Contract Liabilities) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

## 3. Financial Risk Management

### 3.1 Financial risk factors

The Group and the Company endeavour 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.

# 3. Financial Risk Management (Cont'd)

## 3.1 Financial risk factors (Cont'd)

A description of the significant risk factors is given below together with risk management policies where applicable.

(a) Market risk
- (i) Currency risk
- (ii) Equity price risk
- (iii) Commodity price 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), the Seychellois Rupee (SCR) and other currencies. This risk affects both the crop proceeds and the fair value of the biological assets. The Group also has investments in foreign entities denoted in US dollar (USD) and 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.

No currency risk is hedged.

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022 (Cont'd)

## 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, 2022** | | | | | | |
| Trade and other receivables | **1,245.2** | **238.0** | **45.1** | - | **59.9** | **1,588.2** |
| Financial assets at amortised cost | **10.6** | - | - | - | - | **10.6** |
| Cash in hand and at bank | **588.1** | **60.8** | **41.3** | **14.1** | **1.2** | **705.5** |
| Lease receivables | **51.6** | - | - | - | - | **51.6** |
| **Total assets** | **1,895.5** | **298.8** | **86.4** | **14.1** | **61.1** | **2,355.9** |
| Trade and other payables | **835.9** | **47.2** | **27.5** | **101.5** | **10.9** | **1,023.0** |
| Borrowings | **4,642.9** | - | - | - | - | **4,642.9** |
| Lease liabilities | **86.4** | - | - | - | - | **86.4** |
| **Total liabilities** | **5,565.2** | **47.2** | **27.5** | **101.5** | **10.9** | **5,752.3** |
| **At December 31, 2021** | | | | | | |
| Trade and other receivables | 1,061.6 | 171.0 | 23.0 | 85.6 | 138.3 | 1,479.5 |
| Financial assets at amortised cost | 25.0 | - | - | - | - | 25.0 |
| Cash in hand and at bank | 423.9 | 33.3 | 34.5 | 8.2 | 5.9 | 505.8 |
| Lease receivables | 49.2 | - | - | - | - | 49.2 |
| **Total assets** | 1,559.7 | 204.3 | 57.5 | 93.8 | 144.2 | 2,059.5 |
| Trade and other payables | 1,136.9 | 38.0 | 245.8 | 33.1 | 29.6 | 1,483.4 |
| Borrowings | 4,124.9 | - | - | 11.3 | - | 4,136.2 |
| Lease liabilities | 49.4 | - | - | - | - | 49.4 |
| **Total liabilities** | 5,311.2 | 38.0 | 245.8 | 44.4 | 29.6 | 5,669.0 |

# 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 | MUR | USD | EUR | TOTAL |
|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M |
| **At December 31, 2022** | | | | |
| Trade and other receivables | **48.4** | - | - | **48.4** |
| Cash in hand and at bank | **10.4** | **24.9** | **0.2** | **35.5** |
| Investment in subsidiaries | **15,255.8** | - | - | **15,255.8** |
| Investment in associates | **203.3** | - | - | **203.3** |
| **Total assets** | **15,517.9** | **24.9** | **0.2** | **15,543.0** |
| Borrowings | **1,057.9** | - | - | **1,057.9** |
| Trade and other payables | **12.3** | - | - | **12.3** |
| **Total liabilities** | **1,070.2** | - | - | **1,070.2** |
| **At December 31, 2021** | | | | |
| Trade and other receivables | 2.3 | - | - | 2.3 |
| Cash in hand and at bank | 16.5 | 18.5 | 0.2 | 35.2 |
| Investment in subsidiaries | 13,647.5 | - | - | 13,647.5 |
| Investment in associates | 245.6 | - | - | 245.6 |
| **Total assets** | 13,911.9 | 18.5 | 0.2 | 13,930.6 |
| Borrowings | 1,087.6 | - | - | 1,087.6 |
| Trade and other payables | 11.1 | - | - | 11.1 |
| **Total liabilities** | 1,098.7 | - | - | 1,098.7 |

The following significant exchange rates have been applied.

| | AVERAGE RATE | | YEAR-END SPOT RATE | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR** | MUR | **MUR** | MUR |
| EUR | **46.09** | 49.04 | **46.42** | 48.74 |
| USD | **43.83** | 41.58 | **43.65** | 43.10 |
| SCR | **3.17** | 2.54 | **3.20** | 2.91 |

## 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 analysis is based on the assumption that the MUR strengthened/weakened against EUR and USD by 4% and 6% respectively (2021: 4% and 6%) and its corresponding impact on loss/profit.

| | **2022** | 2021 | **2022** | 2021 |
|---|---|---|---|---|
| **THE GROUP** | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| EUR | **8.4** | 5.5 | **(8.4)** | (5.5) |
| USD | **2.9** | 9.4 | **(2.9)** | (9.4) |
| **THE COMPANY** | | | | |
| USD | **1.2** | 0.9 | **(1.2)** | (0.9) |

Given that the Group has limited foreign currency exposure to SCR and other currencies, 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% (2021: 3%), based on historical observation.

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Financial assets at fair value through OCI | **+/- 21.8** | +/- 19.8 | **+/- 23.1** | +/- 21.1 |

# 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 11% (2021: 11%), based on historical observation of consumable biological assets.

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Impact on profit or loss and equity | **153.9** | 96.8 |

### (b) **Credit risk**

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and the Company's trade receivables and financial assets at amortised cost.

The amounts presented in the statement of financial position, are net of impairment loss, estimated by the Group's and the Company'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 Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group and the Company 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 financial assets at amortised cost have been disclosed in notes 16 and 11 respectively.

### (c) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company 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.

## 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 | Between 1 and 2 years | Between 2 and 5 years | After 5 years | Total |
|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **At December 31, 2022** | | | | | |
| Borrowings | **1,294.8** | **57.0** | **10.5** | **3,259.0** | **4,621.3** |
| Bank overdrafts | **21.6** | **-** | **-** | **-** | **21.6** |
| Lease liabilities | **38.7** | **47.7** | **-** | **-** | **86.4** |
| Trade and other payables | **952.2** | **-** | **-** | **-** | **952.2** |
| **At December 31, 2021** | | | | | |
| Borrowings | 1,005.2 | 48.6 | 70.0 | 2,979.0 | 4,102.8 |
| Bank overdrafts | 33.4 | - | - | - | 33.4 |
| Lease liabilities | 36.5 | 12.9 | - | - | 49.4 |
| Trade and other payables | 1,218.8 | - | - | - | 1,218.8 |

| THE COMPANY | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | After 5 years | Total |
|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **At December 31, 2022** | | | | | |
| Borrowings | **48.3** | **-** | **-** | **1,009.6** | **1,057.9** |
| Trade and other payables | **12.3** | **-** | **-** | **-** | **12.3** |
| **At December 31, 2021** | | | | | |
| Borrowings | 236.0 | - | - | 851.6 | 1,087.6 |
| Trade and other payables | 12.0 | - | - | - | 12.0 |

Details of going concern and subsequent events are disclosed in note 4.2 and note 43 respectively.

Details of loan covenants are disclosed in note 20(h).

# 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.

The Group and the Company manage the risk by maintaining an appropriate mix between fixed and floating rate borrowings.

At December 31, if interest rates on MUR-denominated borrowings and EUR-denominated borrowings had been 50 basis points higher/lower, based on historical observation, 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) | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **THE GROUP** | | | | |
| Impact on post-tax profit and shareholders' equity | **19.2** | 17.0 | **-** | - |
| **THE COMPANY** | | | | |
| Impact on post-tax profit and shareholders' equity | **4.4** | 4.5 | **N/A** | N/A |

At December 31, 2022, and December 31, 2021 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 Group and the Company 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.

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022 (Cont'd)

## 3. Financial Risk Management (Cont'd)

### 3.2 Fair value estimation (Cont'd)

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.

### 3.3 Capital Risk Management

The Group's and the Company's objectives when managing capital are:

• To safeguard the Group's and the Company'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 Group and the Company set the amount of capital in proportion to risk. The Group and the Company 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 Group and the Company 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).

The Group and the Company consider the net debt-to-adjusted capital ratios computed below to be reasonable and in line with its respective repayment capacity.

The net debt-to-adjusted capital ratios at December 31, were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Total debt (note 20) | **4,642.9** | 4,136.2 | **1,057.9** | 1,087.6 |
| Lease liabilities (note 21) | **86.4** | 49.4 | **-** | - |
| Less: cash in hand and at bank | **(705.5)** | (505.8) | **(35.5)** | (35.2) |
| Net debt | **4,023.8** | 3,679.8 | **1,022.4** | 1,052.4 |
| Total equity | **17,053.8** | 14,999.5 | **15,499.3** | 13,927.2 |
| Net debt-to-equity ratio | **0.24:1** | 0.24:1 | **0.07:1** | 0.08:1 |

There were no changes in the Group's and the Company's approach to capital risks management during the year.

# 4. Critical Accounting Estimates and Assumptions

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations 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.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

## 4.1 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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:

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 - 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 15 - consumable biological assets

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. More details about assumptions used are provided in note 22.

Impairment of non-financial assets

Goodwill, Land Conversion Rights and Brand rights are 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. Refer to note 27 for more details.

## 4. Critical Accounting Estimates and Assumptions (Cont'd)

### 4.1 Key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets (Cont'd)

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 valuation of an independent property valuer.

The basis of calculation on useful life of the power plant has been disclosed under note 47.

Underclaims and overclaims

Adjustments to turnover are made for underclaims and overclaims. Underclaims comprise of work completed, but not yet certified. On the other hand, overclaims represent amounts claimed but not yet due. These estimates are carried out by the in-house Quantity Surveyors and are vetted by top Management.

The Company accounts for retention and advance on the net amount of underclaim and overclaim.

Provision for maintenance contracts

As the contract progresses, a provision for maintenance, to be used during the defects liability period, is made. Such provision is assessed by management and is based on the risk element of individual contracts.

Future taxable profits

Management makes forecasts based on historical experience and uses best judgements to estimate future taxable profits against which the benefit of part or all of a deferred tax asset will be utilised.

### 4.2 Critical accounting judgements

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. The details are provided in note 27.

# 4. Critical Accounting Estimates and Assumptions (Cont'd)

## 4.2 Critical accounting judgements (Cont'd)

Impairment of financial assets (Cont'd)

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

Going Concern

**THE GROUP**

The Group realised a profit of MUR'M 1,049.5 for the year ended December 31, 2022 (2021: profit of MUR'M 316.7) and had total equity of MUR 17.1 billion (2021: MUR 15.0 billion). The Group had a net current asset position of MUR'M 1,668.5 at December 31, 2022 (2021: net current asset position of MUR'M 1,249.5).

The Group manages liquidity risk by maintaining adequate borrowing facilities and working capital funds. At December 31, 2022, the Group had unused credit headroom of MUR 2.4 billion. 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 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 4,023.8 (2021: MUR'M 3,679.8) which is an increase of 9.3% over the prior year. Out of the net debts are MUR'M 1,192.3 (2021: MUR'M 935.2) 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 net debt-to-equity ratio of 23.6% as at December 31, 2022 is considered to be reasonable and is being monitored closely. The Group has 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 279.6 (2021: MUR'M 160.4) for the year ended December 31, 2022 and had total equity of MUR 15.5 billion (2021: MUR 13.9 billion). The Company has a net current asset position of MUR'M 24.3 (2021: Net current liability position of MUR'M 168.5).

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.

## 5. Property, Plant and Equipment

(a) **THE GROUP**

| | Land | Buildings on Leasehold Land | Buildings | Power Plant | Factory Equipment | Agricultural Equipment | Motor Vehicles | Furniture and Office Equipment | Construction in Progress | Bearer Plants | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **COST AND VALUATION** | | | | | | | | | | | |
| At January 1, 2022 | | | | | | | | | | | |
| - Cost | 5.1 | 141.6 | 36.1 | 2,146.2 | 1,378.5 | 697.6 | 420.9 | 753.1 | 7.5 | 752.8 | 6,339.4 |
| - Valuation | 8,378.1 | - | 857.5 | - | - | - | - | - | - | - | 9,235.6 |
| Total cost/valuation | 8,383.2 | 141.6 | 893.6 | 2,146.2 | 1,378.5 | 697.6 | 420.9 | 753.1 | 7.5 | 752.8 | 15,575.0 |
| Additions | 0.8 | 0.2 | 52.2 | 5.7 | 105.4 | 53.1 | 35.6 | 68.9 | 15.0 | 46.7 | 383.6 |
| Transfer from/ (to) investment properties (note 6) | 0.7 | - | 20.0 | - | - | - | - | - | (2.5) | - | 18.2 |
| Reclassification | - | - | (35.7) | - | 47.9 | - | - | 0.1 | (12.3) | - | - |
| Transfer to inventories (note 14) | (29.6) | - | (34.2) | - | - | - | - | - | (0.3) | - | (64.1) |
| Revaluation adjustment | 1,424.9 | - | 55.0 | - | - | - | - | - | - | - | 1,479.9 |
| Disposals/scrapped assets | (419.9) | - | (22.5) | - | (39.5) | - | (25.8) | (25.2) | - | - | (532.9) |
| Translation differences | - | - | 3.2 | - | - | - | 1.0 | 1.7 | - | - | 5.9 |
| **At December 31, 2022** | | | | | | | | | | | |
| **- Cost** | - | 141.8 | - | 2,151.9 | 1,492.3 | 750.7 | 431.7 | 798.6 | 7.4 | 799.5 | 6,573.9 |
| **- Valuation** | 9,360.1 | - | 931.6 | - | - | - | - | - | - | - | 10,291.7 |
| **Total cost/valuation** | 9,360.1 | 141.8 | 931.6 | 2,151.9 | 1,492.3 | 750.7 | 431.7 | 798.6 | 7.4 | 799.5 | 16,865.6 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | | | | | | | |
| At January 1, 2022 | - | 49.1 | 115.6 | 1,811.9 | 864.9 | 587.0 | 383.7 | 534.7 | - | 605.3 | 4,952.2 |
| Charge for the year | - | 2.0 | 71.2 | 14.6 | 95.9 | 29.8 | 18.8 | 36.3 | - | 46.9 | 315.5 |
| Transfer to inventories (note 14) | - | - | (33.3) | - | - | - | - | - | - | - | (33.3) |
| Reclassification | - | - | (13.0) | - | 13.0 | - | - | - | - | - | - |
| Revaluation adjustment | - | - | (121.5) | - | - | - | - | - | - | - | (121.5) |
| Disposals/scrapped assets | - | - | (19.5) | - | (35.0) | - | (23.4) | (25.2) | - | - | (103.1) |
| Translation differences | - | - | 0.5 | - | - | - | 1.0 | 1.4 | - | - | 2.9 |
| **At December 31, 2022** | - | 51.1 | - | 1,826.5 | 938.8 | 616.8 | 380.1 | 547.2 | - | 652.2 | 5,012.7 |
| **CARRYING AMOUNTS** | | | | | | | | | | | |
| **At December 31, 2022** | 9,360.1 | 90.7 | 931.6 | 325.4 | 553.5 | 133.9 | 51.6 | 251.4 | 7.4 | 147.3 | 11,852.9 |

# 5. Property, Plant and Equipment (Cont'd)

(a)

| THE GROUP (Cont'd) | Land | Buildings on Leasehold Land | Buildings | Power Plant | Factory Equipment | Agricultural Equipment | Motor Vehicles | Furniture and Office Equipment | Construction in Progress | Bearer Plants | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **COST AND VALUATION** | | | | | | | | | | | |
| At January 1, 2021 | | | | | | | | | | | |
| - Cost | - | 141.6 | 12.4 | 2,145.0 | 1,456.0 | 656.2 | 442.0 | 743.6 | 0.9 | 718.8 | 6,316.5 |
| - Valuation | 8,418.1 | - | 890.9 | - | - | - | - | - | - | - | 9,309.0 |
| Total cost/valuation | 8,418.1 | 141.6 | 903.3 | 2,145.0 | 1,456.0 | 656.2 | 442.0 | 743.6 | 0.9 | 718.8 | 15,625.5 |
| Additions | - | - | 11.6 | 1.2 | 118.3 | 43.1 | 16.6 | 18.9 | 6.6 | 34.0 | 250.3 |
| Transfer from investment properties (note 6) | 5.1 | - | - | - | - | - | - | - | - | - | 5.1 |
| Disposals/scrapped assets | (40.0) | - | (33.4) | - | (195.8) | (1.7) | (42.0) | (15.6) | - | - | (328.5) |
| Translation differences | - | - | 12.1 | - | - | - | 4.3 | 6.2 | - | - | 22.6 |
| **At December 31, 2021** | | | | | | | | | | | |
| **- Cost** | 5.1 | 141.6 | 36.1 | 2,146.2 | 1,378.5 | 697.6 | 420.9 | 753.1 | 7.5 | 752.8 | 6,339.4 |
| **- Valuation** | 8,378.1 | - | 857.5 | - | - | - | - | - | - | - | 9,235.6 |
| **Total cost/valuation** | 8,383.2 | 141.6 | 893.6 | 2,146.2 | 1,378.5 | 697.6 | 420.9 | 753.1 | 7.5 | 752.8 | 15,575.0 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | | | | | | | |
| At January 1, 2021 | - | 47.3 | 72.0 | 1,255.1 | 910.4 | 563.5 | 395.0 | 517.6 | - | 552.3 | 4,313.2 |
| Charge for the year | - | 1.8 | 73.1 | 56.5 | 97.3 | 25.2 | 25.7 | 27.7 | - | 53.0 | 360.3 |
| Disposals/scrapped assets | - | - | (30.9) | - | (177.9) | (1.7) | (40.7) | (15.6) | - | - | (266.8) |
| Impairment losses (note 27(ii)) | - | - | - | 500.3 | 35.6 | - | - | - | - | - | 535.9 |
| Translation differences | - | - | 1.4 | - | (0.5) | - | 3.7 | 5.0 | - | - | 9.6 |
| **At December 31, 2021** | - | 49.1 | 115.6 | 1,811.9 | 864.9 | 587.0 | 383.7 | 534.7 | - | 605.3 | 4,952.2 |
| **CARRYING AMOUNTS** | | | | | | | | | | | |
| **At December 31, 2021** | 8,383.2 | 92.5 | 778.0 | 334.3 | 513.6 | 110.6 | 37.2 | 218.4 | 7.5 | 147.5 | 10,622.8 |

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022 (Cont'd)

## 5. Property, Plant and Equipment (Cont'd)

### (b) 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, 2022 were performed by Noor Dilmohamed & Associate, 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 (note 2.2). 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 was arrived at using a surrogate such as Depreciated Replacement Cost.

If land and buildings were stated on the historical cost basis, their carrying amounts would be as follows:

| | Land | | Buildings | |
|---|---|---|---|---|
| **THE GROUP** | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Cost | **2,994.0** | 3,442.0 | **695.6** | 712.6 |
| Accumulated depreciation | **-** | - | **(513.3)** | (507.4) |
| Carrying amount | **2,994.0** | 3,442.0 | **182.3** | 205.2 |

*Sensitivity analysis*

The following tables show the significant unobservable inputs used and the sensitivity of these inputs on the fair value:

| Description | Fair value hierarchy | Significant unobservable input | 2022 Range of unobservable input | 2021 Range of unobservable input |
|---|---|---|---|---|
| Agricultural Land | Level 3 | Price per Ha | MUR 180,000 - MUR 7,750,000 | MUR 305,000 - MUR 7,000,000 |
| | | Bulk discount rate | 40% | 35% |
| Non-Agricultural Land | Level 3 | Price per Ha | MUR 180,000 - MUR 40,000,000 | MUR 313,000 - MUR 25,000,000 |
| | | Bulk discount rate | 40% | 35% |
| Buildings | Level 3 | Price per Square meter | MUR 3,500 - MUR 40,000 | MUR 2,000 - MUR 50,000 |
| | | Bulk discount rate | 40% | 35% |

The bulk discount of 40% for 2022 has been determined using the following assumptions:

- Around 100 Hectares may be disposed of annually;
- The period of sale would be 65 years;
- The rate of growth of agricultural land more particularly cane land at around 3 per cent per annum; and
- The discount rate 6.5 per cent per annum.

An increase/(decrease) in the price per Ha and the price per Square meter would result in an increase/(decrease) in fair value. An increase/(decrease) in the discount rate would result in a decrease/increase in fair value.

# 5. Property, Plant and Equipment (Cont'd)

## (c) **Impairment losses**

*Bearer plants*

For the year ended December 31, 2022, the Group did not recognise any impairment on bearer plants (2021: Nil) based on a valuation carried out by management.

*Power plant*

Market and economic conditions were indicators of impairment at December 31, 2022 and 2021. At December 31, 2021, the impairment was determined by comparing the carrying amount of the Cash Generating Unit ("CGU") with its recoverable amount which was estimated based on its Value in Use ("VIU"). The VIU amount was determined using discounted cash flow technique and an impairment of MUR'M 535.9 was recognised allocated between power plant and factory equipment.

The subsidiary's main business is to generate electricity using its power plant and sell to the Central Electricity Board ("CEB"). Given the unprecedented increase in coal prices in early 2022, the production and sales of electricity from the use of coal was suspended in April 2022 due to a Force Majeure Event invoked by the subsidiary since March 2022. A mediation process is ongoing and no agreement has yet been reached between CEB and the subsidiary. While the plant operated on *bagasse* only during the harvest season, the power plant remains closed during the intercrop season.

In the absence of any indication of what the contract would look like and taking into account that only 2 years remaining under the current power purchase agreement, a change in valuation approach is warranted. At December 31, 2022, the recoverable amount was based on the fair value less cost of disposal of the assets of the subsidiary. The main component of the subsidiary's property, plant and equipment is the power plant. The power plant meets the definition of a specialised asset as per the RICS Valuation – Global Standards 2017 ("RB Global") Glossary and as such, the Depreciated Replacement Cost approach (DRC) is the most appropriate method to determine the fair value of the power plant. Because of the power plant's specialised nature, it is categorised as a level 3 instrument.

DRC is the current cost of replacing an asset with its modern equivalent asset, taking into account the deductions for physical deterioration and all relevant forms of obsolescence and optimization.

## 5. Property, Plant and Equipment (Cont'd)

### (c) Impairment losses (Cont'd)

*Power plant (Cont'd)*

An impairment assessment was determined by comparing the carrying amount of the power plant with its recoverable amount based on the Fair Value Less Cost Of Disposal (FVLCOD) and the FVLCOD was determined using the depreciated replacement cost at June 30, 2025. In arriving at the depreciated replacement cost, the following key assumptions were used:

- The replacement cost of plant was determined based on the historical cost in Euro as per the Fixed Assets Register adjusted for inflation of 1.7% annually since date of acquisition.
- The remaining useful life of the power plant which is 22 years old with an average life of 20 years, based on the R2 IOWA survivor curve, is 3.91 years.
- A discount of 20% for economic obsolescence and risk associated with the high coal price has been taken into consideration.
- Cost to sell was estimated at 15% based on PWC methodology survey after taking into account the specialised nature and significant value of the power plant.
- A discount rate of 20.3% was used to discount the depreciated replacement cost in year 2025.

An increase/decrease in economic obsolescence discount, cost to sell and discount rate would result a decrease/increase in the FVLCOD.

Based on the impairment asssessment performed on the power plant and the other assets of the subsidiary there is no material impact on the financial statements as at December 31, 2022.

(d) Depreciation has been charged to profit or loss as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Cost of sales | **148.5** | 216.1 |
| Other expenses | **167.0** | 144.2 |
| | **315.5** | 360.3 |

(e) Property, plant and equipment are included in amounts given as collaterals to bank borrowings.

## 5A. Right-of-Use Assets

| | Land | Buildings | Motor vehicles | Total |
|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M |
| **COST** | | | | |
| At January 1, 2021 | 11.2 | 54.1 | 7.3 | 72.6 |
| Additions | - | 15.8 | 0.9 | 16.7 |
| Disposals | (0.8) | (2.9) | (0.6) | (4.3) |
| Effect of modification to lease term | - | 19.1 | - | 19.1 |
| Exchange differences | - | 0.6 | - | 0.6 |
| **At December 31, 2021** | **10.4** | **86.7** | **7.6** | **104.7** |
| Additions | **-** | **11.6** | **8.1** | **19.7** |
| Disposals | **-** | **(0.7)** | **(0.6)** | **(1.3)** |
| Effect of modification to lease term | **-** | **38.4** | **-** | **38.4** |
| Exchange differences | **-** | **0.2** | **-** | **0.2** |
| **At December 31, 2022** | **10.4** | **136.2** | **15.1** | **161.7** |
| | | | | |
| **ACCUMULATED DEPRECIATION** | | | | |
| At January 1, 2021 | 0.1 | 32.8 | 2.2 | 35.1 |
| Charge for the year | 0.2 | 15.4 | 1.7 | 17.3 |
| Disposals | - | (1.7) | (0.4) | (2.1) |
| **At December 31, 2021** | **0.3** | **46.5** | **3.5** | **50.3** |
| Charge for the year | **0.2** | **18.7** | **3.0** | **21.9** |
| Disposals | **-** | **(0.6)** | **(0.4)** | **(1.0)** |
| **At December 31, 2022** | **0.5** | **64.6** | **6.1** | **71.2** |
| | | | | |
| **CARRYING AMOUNT** | | | | |
| **At December 31, 2022** | **9.9** | **71.6** | **9.0** | **90.5** |
| | | | | |
| At December 31, 2021 | 10.1 | 40.2 | 4.1 | 54.4 |

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Depreciation on right-of-use assets (note 28) | **21.9** | 17.3 |
| Interest on lease liabilities (note 21(d)) | **2.1** | 2.0 |
| | **24.0** | 19.3 |

## 5B. Lease Receivables

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Year 1 | **2.5** | 2.4 |
| Year 2 | **2.6** | 2.5 |
| Year 3 | **2.7** | 2.6 |
| Year 4 | **2.8** | 2.7 |
| Year 5 | **3.0** | 2.8 |
| Onwards | **3,431.3** | 3,434.6 |
| Undiscounted lease payments | **3,444.9** | 3,447.6 |
| Less: unearned finance income | **(3,393.3)** | (3,398.4) |
| Present value of lease payments receivable | **51.6** | 49.2 |
| Net investment in the lease | **51.6** | 49.2 |

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Undiscounted lease payments analysed as: | | |
| Recoverable after 12 months | **3,442.4** | 3,445.2 |
| Recoverable within 12 months | **2.5** | 2.4 |
| | **3,444.9** | 3,447.6 |
| Net investment in the lease analysed as: | | |
| Recoverable after 12 months | **49.1** | 46.8 |
| Recoverable within 12 months | **2.5** | 2.4 |
| | **51.6** | 49.2 |

The Group entered into 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.

# 6. Investment Properties

| | Investment property under development | | Land and buildings | | Total | |
|---|---|---|---|---|---|---|
| **THE GROUP** | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **COST** | | | | | | |
| At January 1, | **955.9** | 693.8 | **1,277.7** | 1,321.9 | **2,233.6** | 2,015.7 |
| Additions | **118.5** | 262.1 | **298.1** | 113.3 | **416.6** | 375.4 |
| Disposals | **-** | - | **(9.8)** | (63.8) | **(9.8)** | (63.8) |
| Transfer to land and building (note 5(a)) | **-** | - | **(18.2)** | (5.1) | **(18.2)** | (5.1) |
| Transfer | **(224.6)** | - | **224.6** | - | **-** | - |
| Transfer to inventories (note 14) | **(86.3)** | - | **403.5** | (88.6) | **317.2** | (88.6) |
| **At December 31,** | **763.5** | 955.9 | **2,175.9** | 1,277.7 | **2,939.4** | 2,233.6 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | | |
| At January 1, | **0.4** | - | **276.9** | 259.9 | **277.3** | 259.9 |
| Charge for the year | **-** | - | **27.1** | 17.1 | **27.1** | 17.1 |
| Transfer to inventories (note 14) | **-** | - | **(11.1)** | - | **(11.1)** | - |
| Disposals | **-** | - | **-** | (0.1) | **-** | (0.1) |
| Impairment loss (note 27) | **0.7** | 0.4 | **-** | - | **0.7** | 0.4 |
| **At December 31,** | **1.1** | 0.4 | **292.9** | 276.9 | **294.0** | 277.3 |
| **CARRYING AMOUNTS** | | | | | | |
| **At December 31,** | **762.4** | 955.5 | **1,883.0** | 1,000.8 | **2,645.4** | 1,956.3 |

(a) For disclosure purposes, details of the Group's investment properties and information about the fair value hierarchy is as follows:

| | Level 3 | |
|---|---|---|
| **December 31,** | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Land and buildings | **4,299.2** | 3,337.9 |

The fair value of investment properties are based on valuations performed in December 2022 by accredited independent valuers, namely Noor Dilmahomed & Associates who have the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined on open market value by reference to recent market transactions on arm's length term. The valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. Investment properties that have been valued using the depreciated replacement cost have been classified as Level 3.

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 6. Investment Properties (Cont'd)

(a) 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. The significant unobservable inputs and the sensitivity of these inputs on the fair value has been discussed below.

| Description | Fair value hierarchy | Significant unobservable input | 2022 Range of unobservable input | 2021 Range of unobservable input |
|---|---|---|---|---|
| Non-Agricultural Land | Level 3 | Price per Ha | MUR 180,000 - MUR 40,000,000 | MUR 313,000 - MUR 25,000,000 |
| | | Bulk discount rate | 40% | 35% |

(b) The following amounts have been recognised in profit or loss:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Rental income (note 28) | **199.3** | 119.1 |
| Direct operating expenses from investment properties that generate rental income | **38.2** | 51.5 |
| Direct operating expenses from investment properties that do not generate rental income | **8.0** | 51.5 |

(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:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Within 1 year | **196.1** | 173.9 |
| Between 1 and 2 years | **201.6** | 184.9 |
| Between 2 and 3 years | **212.4** | 188.9 |
| Between 3 and 4 years | **208.8** | 190.2 |
| Between 4 and 5 years | **194.4** | 180.5 |
| Later than 5 years | **283.6** | 292.8 |
| | **1,296.9** | 1,211.2 |

(d) Additions to investment properties relate to subsequent expenditure.

(e) Investment property under development include land development and other related costs. There was a transfer of MUR 224.6 M from investment property under development to investment property (land & buildings) during the financial year (2021: Nil).

# 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, 2021 | 22.3 | 219.0 | 103.0 | 58.4 | 402.7 |
| Additions | - | - | 3.4 | - | 3.4 |
| Assets scrapped | - | - | (0.7) | - | (0.7) |
| Exchange difference | - | - | 0.8 | - | 0.8 |
| **At December 31, 2021** | **22.3** | **219.0** | **106.5** | **58.4** | **406.2** |
| Additions | **-** | **-** | **14.1** | **5.1** | **19.2** |
| Acquired through business combination | **9.9** | **-** | **-** | **-** | **9.9** |
| Exchange difference | **-** | **-** | **-** | **0.2** | **0.2** |
| **At December 31, 2022** | **32.2** | **219.0** | **120.6** | **63.7** | **435.5** |
| | | | | | |
| **ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES** | | | | | |
| At January 1, 2021 | 22.3 | 98.3 | 86.0 | - | 206.6 |
| Charge for the year | - | - | 7.2 | - | 7.2 |
| Assets scrapped | - | - | (0.7) | - | (0.7) |
| **At December 31, 2021** | **22.3** | **98.3** | **92.5** | **-** | **213.1** |
| Charge for the year | **-** | **-** | **10.0** | **-** | **10.0** |
| Reversal of impairment (note 27A) | **-** | **(12.0)** | **-** | **-** | **(12.0)** |
| **At December 31, 2022** | **22.3** | **86.3** | **102.5** | **-** | **211.1** |
| | | | | | |
| **CARRYING AMOUNTS** | | | | | |
| **At December 31, 2022** | **9.9** | **132.7** | **18.1** | **63.7** | **224.4** |
| | | | | | |
| At December 31, 2021 | - | 120.7 | 14.0 | 58.4 | 193.1 |

The acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred measured in accordance with this IFRS, which generally requires acquisition date fair value,

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS, and

(iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS.

## 7. Intangible Assets and Goodwill (Cont'd)

**Impairment test on goodwill and brand distribution rights**

Each cash generating unit (CGU) represents a business operation and is the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of each CGU has been determined using value in use calculation. The post-tax cash flow projections are based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied represents the current market assessment of the risks specific to each 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 recoverable amount of the different CGU's has been determined as follows:

- Brands: The recoverable amount has been determined based on a discounted cash flow (DCF) approach using a discount rate of 14.09%.

The discount rate takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Cash flows beyond the five-year period are extrapolated using a terminal growth of 3.54%.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry, required resources needed to service new and existing operations as well as the current economic environment.

Goodwill has been allocated for impairment testing purposes to the following CGU's:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Brands Segment | **9.9** | - |

No impairment of goodwill has been recognised in 2022 (2021: MUR'M Nil). Management believes that any reasonably possible change in key assumptions on which the Brand's segment's recoverable amount is based, would not cause the Brand's segment's carrying amount to exceed the recoverable amount.

(b) *Amortisation*

The amortisation of computer software totalling MUR'M 10.0 (2021: MUR'M 7.2) has been charged to other expenses.

**Land conversion rights**

During the year, the Group carried out a review of the recoverability of the land conversion rights and this resulted in a reversal of impairment of MUR'M 12.0 for the Group (2021: MUR'M nil). The recoverable amount was determined based on fair value less cost of disposal and represents the net selling price.

## 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** |
| **2022** | | | |
| At January 1 | **1,326.0** | **12,321.5** | **13,647.5** |
| Increase in fair value | **24.4** | **1,583.9** | **1,608.3** |
| **At December 31,** | **1,350.4** | **13,905.4** | **15,255.8** |
| **2021** | | | |
| At January 1, | 997.6 | 12,418.3 | 13,415.9 |
| Transfer from associates (note 9(b)(i)) | - | 25.7 | 25.7 |
| Transfer to non-current assets held for sale (note 17(i)) | - | (8.0) | (8.0) |
| Increase/(decrease) in fair value | 328.4 | (114.5) | 213.9 |
| **At December 31,** | 1,326.0 | 12,321.5 | 13,647.5 |

(i) Fair value through other comprehensive income financial assets include the following:

| | THE COMPANY | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Unquoted - Level 2, recurring fair value | **1,350.4** | 1,326.0 |
| Unquoted - Level 3, recurring fair value | **13,905.4** | 12,321.5 |
| | **15,255.8** | 13,647.5 |

Details of subsidiaries are set out in note 36.

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.

## 8. Investments in Subsidiaries (Cont'd)

### (c) Measurement of fair value - Level 3

The discounted cash flows (DCF) method and net asset value 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.

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.

| **2022** | | | | | |
|---|---|---|---|---|---|
| **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** | **0% - 4%** | **1.45%** | **(232.5)** |
| | | | | **(1.45%)** | **145.1** |
| | | **Growth rate** | **0% - 5%** | **2.40%** | **560.5** |
| | | | | **(2.40%)** | **(290.4)** |

| 2021 | | | | | |
|---|---|---|---|---|---|
| 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% - 5% | 1.45% | (305.4) |
| | | | | (1.45%) | 141.8 |
| | | Growth rate | 0% - 3.7% | 2.40% | 174.2 |
| | | | | (2.40%) | (198.4) |

An increase/(decrease) in the unobservable inputs would result in a significantly higher/(lower) fair value as shown in the table above.

Some subsidiaries have been valued using the net asset value basis amounting to MUR'M 11,882.3 (2021: MUR'M 9,823.3) 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

| | 2022 | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| **(a) THE GROUP** | | |
| (i) Group's share of net assets | **3,414.3** | 3,525.1 |
| Goodwill | **77.8** | 131.9 |
| **At December 31,** | **3,492.1** | 3,657.0 |

Details of associates are set out in note 37.

(ii) Reconciliation of movements in investments in associates is presented below:

| | 2022 | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| At January 1, | **3,657.0** | 3,089.9 |
| Transfer to non-current assets classified as held for sale (note 17(vi)) | **(129.8)** | - |
| Additions (note 37(c)) | **-** | 59.2 |
| Transfer from trade and other receivables (note 16) | **-** | 71.7 |
| Share of results of associates | **321.0** | 290.5 |
| Impairment of associates | **-** | (3.0) |
| Dividend received (note 40) | **(97.8)** | (78.9) |
| Share of other comprehensive income | **(227.4)** | 205.2 |
| Movements in translation reserves | **(30.9)** | 22.4 |
| **At December 31,** | **3,492.1** | 3,657.0 |

(iii) The accounting policies relevant for investments in associates described in the summary of significant accounting policies (note 2.6).

(b) **THE COMPANY**

(i) Reconciliation of movements in investment in associates is presented below:

| **2022** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** |
| At January 1, | **128.4** | **95.7** | **21.5** | **245.6** |
| Decrease in fair value | **(14.5)** | **(10.8)** | **(17.0)** | **(42.3)** |
| **At December 31,** | **113.9** | **84.9** | **4.5** | **203.3** |

## 9. Investments in Associates (Cont'd)

### (b) THE COMPANY (Cont'd)

| 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M |
| At January 1, | 31.3 | 47.2 | 29.7 | 108.2 |
| Additions | - | 29.0 | 18.7 | 47.7 |
| Transfer from receivables | 71.6 | - | - | 71.6 |
| Transfer to subsidiaries (note 8(a)) | - | - | (25.7) | (25.7) |
| Increase/(decrease) in fair value | 25.5 | 19.5 | (1.2) | 43.8 |
| **At December 31,** | 128.4 | 95.7 | 21.5 | 245.6 |

(ii) Fair value through other comprehensive income financial assets include the following:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Quoted - Level 1, recurring fair value | **113.9** | 128.4 |
| Unquoted - Level 2, recurring fair value | **84.9** | 95.7 |
| Unquoted - Level 3, recurring fair value | **4.5** | 21.5 |
| | **203.3** | 245.6 |

(iii) 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.

(iv) **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. An increase/(decrease) in the unobservable inputs would result in a significantly higher/(lower) fair value as shown in the table below:

# 9. Investments in Associates (Cont'd)

## (b) THE COMPANY (Cont'd)

### (iv) Measurement of fair value - Level 3 (Cont'd)

| **2022 Type** | **Valuation techniques** | **Key unobservable inputs** | **Range of unobservable inputs** | **Sensitivity of the input to fair value** | |
|---|---|---|---|---|---|
| | | | | **%** | **MUR'M** |
| Investment in associates | **DCF** | **Discount rate** | **0% - 4%** | **1.45%** | **(45.1)** |
| | | | | **(1.45%)** | **79.1** |
| | | **Growth rate** | **0% - 5%** | **2.40%** | **120.2** |
| | | | | **(2.40%)** | **(47.6)** |
| | **EBITDA multiple** | **Multiple** | **40% - 60%** | **33.00%** | **-** |
| | | | | **(33.00%)** | **-** |
| | | **Discount** | **10% - 20%** | **7.55%** | **-** |
| | | | | **(7.55%)** | **-** |

| 2021 Type | Valuation techniques | Key unobservable inputs | Range of unobservable inputs | Sensitivity of the input to fair value | |
|---|---|---|---|---|---|
| | | | | % | MUR'M |
| Investment in associates | DCF | Discount rate | 2% - 5% | 1.45% | (64.3) |
| | | | | (1.45%) | 153.6 |
| | | Growth rate | 0% - 3.7% | 2.40% | 211.8 |
| | | | | (2.40%) | (48.9) |
| | EBITDA multiple | Multiple | 40% | 33.00% | (3.7) |
| | | | | (33.00%) | 3.7 |
| | | Discount | 15% - 20% | 7.55% | (0.3) |
| | | | | (7.55%) | 0.3 |

Summarised information on investments in associates are disclosed in note 37.

(v) During the year 2021, the Group acquired an additional equity stake of 26.8% in Rehm Grinaker Construction Co Ltd for a consideration of MUR'M 18.7 and obtained control in the entity in accordance to IFRS 10 : Consolidated Financial Statements. Subsequently, the Group has derecognised Rehm Grinaker Construction Co Ltd from investment in associate to recognise it as investment in subsidiary as disclosed in note 35.

## 10. Financial Assets at Fair Value through Other Comprehensive Income

(i) Equity investments at fair value through other comprehensive income included the following:

| | THE GROUP | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **2022** | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** |
| At January 1, | **111.5** | **129.2** | **419.3** | **660.0** |
| Additions | **-** | **-** | **17.3** | **17.3** |
| Change in fair value recognised in OCI | **(13.0)** | **(17.2)** | **78.2** | **48.0** |
| **At December 31** | **98.5** | **112.0** | **514.8** | **725.3** |
| **2021** | | | | |
| At January 1, | 151.8 | 64.4 | 341.0 | 557.2 |
| Additions | - | - | 50.1 | 50.1 |
| Disposals | - | - | (30.0) | (30.0) |
| Transfer from receivables | - | 160.5 | - | 160.5 |
| Change in fair value recognised in OCI | (40.3) | (95.7) | 58.2 | (77.8) |
| **At December 31** | 111.5 | 129.2 | 419.3 | 660.0 |

| | THE COMPANY | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **2022** | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** |
| At January 1, | **154.0** | **129.2** | **419.3** | **702.5** |
| Additions | **-** | **-** | **17.3** | **17.3** |
| Change in fair value recognised in OCI | **(12.2)** | **(17.2)** | **78.2** | **48.8** |
| **At December 31** | **141.8** | **112.0** | **514.8** | **768.6** |
| **2021** | | | | |
| At January 1, | 171.2 | 64.4 | 341.0 | 576.6 |
| Additions | 10.9 | - | 50.1 | 61.0 |
| Disposals | - | - | (30.0) | (30.0) |
| Transfer from receivables | - | 160.5 | - | 160.5 |
| Change in fair value recognised in OCI | (28.1) | (95.7) | 58.2 | (65.6) |
| **At December 31** | 154.0 | 129.2 | 419.3 | 702.5 |

## 10. Financial Assets at Fair Value through Other Comprehensive Income (Cont'd)

(ii) Fair value through other comprehensive income financial assets include the following:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Quoted - Level 1 | | | | |
| - Harel Mallac & Co Ltd | **71.8** | 84.0 | **71.8** | 84.0 |
| - Swan General Ltd | **-** | - | **43.3** | 42.5 |
| - Swan Life Ltd | **26.7** | 27.5 | **26.7** | 27.5 |
| | **98.5** | 111.5 | **141.8** | 154.0 |
| Unquoted - Level 2 | **112.0** | 129.2 | **112.0** | 129.2 |
| Unquoted - Level 3 | **514.8** | 419.3 | **514.8** | 419.3 |
| | **725.3** | 660.0 | **768.6** | 702.5 |

(iii) Financial assets measured at fair value through other comprehensive income include the Group's and the Company's strategic equity investments not held for trading. The Group and the Company 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.

(iv) Investments in equity instruments at fair value through other comprehensive income are not subject to impairment.

(v) 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.

## 10. Financial Assets at Fair Value through other Comprehensive Income (Cont'd)

(v) 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, 2022 | 2021 | Valuation technique | Unobservable inputs |
|---|---|---|---|---|
| | **MUR'M** | MUR'M | | |
| Investment in Inside Equity Fund (IEF) | **514.8** | 419.3 | 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 appropriate valuation techniques. Increases/(decreases) in unobservable inputs would not have a significant impact on the fair values. |

**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 | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| 5% increase in Net Asset Value (2021: 5%) | **25.7** | 21.0 |

(vi) Fair value through other comprehensive income financial assets are denominated in the following currencies:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| MUR | **210.5** | 240.7 | **253.8** | 283.2 |
| USD | **514.8** | 419.3 | **514.8** | 419.3 |
| | **725.3** | 660.0 | **768.6** | 702.5 |

(vii) One of the Group and the Company's strategic investments is a 36.01% (2021: 36.01%) interest in Inside Equity Fund (the "Fund"). This investment is not accounted for using the equity method (as an associate) as the Group and the Company 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.

(viii) Dividends received on investments held at year end amounted to MUR'M 27.1 (2021: MUR'M 2.2) for the Group and the Company.

(ix) During 2021, the Company disposed part of its Level 3 securities at cost with the objective of reducing its non core assets.

# 11. Financial Assets at Amortised Cost

| | THE GROUP | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | **MUR'M** | **MUR'M** | MUR'M | MUR'M |
| | **Current** | **Non-current** | Current | Non-current |
| Receivable from related parties (note 40) | **1.2** | **4.1** | 8.2 | 3.9 |
| Other receivables | **3.1** | **2.2** | 10.1 | 3.8 |
| | **4.3** | **6.3** | 18.3 | 7.7 |
| Less: impairment on financial assets at amortised cost (note 27) | **-** | **-** | (1.0) | - |
| | **4.3** | **6.3** | 17.3 | 7.7 |

| | THE COMPANY | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | **MUR'M** | **MUR'M** | MUR'M | MUR'M |
| | **Current** | **Non-current** | Current | Non-current |
| Other receivables | **-** | **-** | 1.0 | - |
| Less: impairment on financial assets at amortised cost (note 27) | **-** | **-** | (1.0) | - |
| | **-** | **-** | - | - |

Loans to related parties are unsecured and interest bearing. Directors have made an assessment of probability of default of loans to related parties at reporting date and the amount of lifetime ECL is immaterial and has not been accounted for.

(a) *Impairment and risk exposure*

No impairment on loans to related parties was recognised during the year for the Group and the Company (2021: MUR'M: 1.0).

The carrying amounts of financial assets at amortised cost represent the maximum credit exposure.

(b) The carrying amounts of the financial assets at amortised cost are denominated in MUR and as such there is no exposure to foreign currency risk.

(c) The Group and the Company apply IFRS 9 general approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortised cost.

(d) Interest may be charged at commercial rates where the term of repayment exceed six months. Collateral is not normally obtained.

(e) No reversal of impairment has been recognised during the year (2021: MUR'M: 9.2) for the Group as disclosed in note 27A.

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 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 | | | |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2022 | Notes | FVOCI - equity instruments | Financial assets at amortised cost | Financial liabilities at amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **Financial assets measured at fair value** | | | | | | | | | |
| Equity securities | 10 | 725.3 | - | - | 725.3 | 98.5 | 112.0 | 514.8 | 725.3 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Lease receivables | 5B | - | 51.6 | - | 51.6 | | | | |
| Trade and other receivables (note 3.1(a)(i)) | | - | 1,588.2 | - | 1,588.2 | | | | |
| Financial assets at amortised cost | 11 | - | 10.6 | - | 10.6 | | | | |
| Cash in hand and at bank | 33(b) | - | 705.5 | - | 705.5 | | | | |
| | | - | 2,355.9 | - | 2,355.9 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Lease liabilities | 21 | - | - | 86.4 | 86.4 | | | | |
| Borrowings | 20 | - | - | 4,642.9 | 4,642.9 | | | | |
| Trade and other payables (note 3.1(a)(i)) | | - | - | 952.2 | 952.2 | | | | |
| | | - | - | 5,681.5 | 5,681.5 | | | | |

# 12. Financial Instruments (Cont'd)

## Accounting classification and fair values (Cont'd)

| THE GROUP (Cont'd) | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2021 | Notes | FVOCI - equity instruments | Financial assets at amortised cost | Financial liabilities at amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **Financial assets measured at fair value** | | | | | | | | | |
| Equity securities | 10 | 660.0 | - | - | 660.0 | 111.5 | 129.2 | 419.3 | 660.0 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Lease receivables | 5B | - | 49.2 | - | 49.2 | | | | |
| Trade and other receivables (note 3.1(a)(i)) | | - | 1,479.5 | - | 1,479.5 | | | | |
| Financial assets at amortised cost | 11 | - | 25.0 | - | 25.0 | | | | |
| Cash in hand and at bank | 33(b) | - | 505.8 | - | 505.8 | | | | |
| | | - | 2,059.5 | - | 2,059.5 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Lease liabilities | 21 | - | - | 49.4 | 49.4 | | | | |
| Borrowings | 20 | - | - | 4,136.2 | 4,136.2 | | | | |
| Trade and other payables (note 3.1(a)(i)) | | - | - | 1,136.9 | 1,136.9 | | | | |
| | | - | - | 5,322.5 | 5,322.5 | | | | |

(i) Trade and other receivables as stated above exclude prepayments, deposits and taxes.

(ii) Trade and other payables as stated above exclude deposits, taxes and provisions.

## 12. Financial Instruments (Cont'd)

**Accounting classification and fair values (Cont'd)**

| THE COMPANY | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2022 | Notes | FVOCI - equity instruments | Financial assets at amortised cost | Financial liabilities at amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | | 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 | 8 | 15,255.8 | - | - | 15,255.8 | - | 1,350.4 | 13,905.4 | 15,255.8 |
| Investment in associates | 9 | 203.3 | - | - | 203.3 | 113.9 | 84.9 | 4.5 | 203.3 |
| Equity securities | 10 | 768.6 | - | - | 768.6 | 141.8 | 112.0 | 514.8 | 768.6 |
| | | 16,227.7 | - | - | 16,227.7 | 255.7 | 1,547.3 | 14,424.7 | 16,227.7 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables (note 3.1(a)(i)) | | - | 48.4 | - | 48.4 | | | | |
| Cash in hand and at bank | 33(b) | - | 35.5 | - | 35.5 | | | | |
| | | - | 83.9 | - | 83.9 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Borrowings | 20 | - | - | 1,057.9 | 1,057.9 | | | | |
| Trade and other payables (note 3.1(a)(i)) | | - | - | 12.3 | 12.3 | | | | |
| | | - | - | 1,070.2 | 1,070.2 | | | | |

# 12. Financial Instruments (Cont'd)

## Accounting classification and fair values (Cont'd)

| THE COMPANY (Cont'd) | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2021 | Notes | FVOCI - equity instruments | Financial assets at amortised cost | Financial liabilities at amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | | 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 | 8 | 13,647.5 | - | - | 13,647.5 | - | 1,326.0 | 12,321.5 | 13,647.5 |
| Investment in associates | 9 | 245.6 | - | - | 245.6 | 128.4 | 95.7 | 21.5 | 245.6 |
| Equity securities | 10 | 702.5 | - | - | 702.5 | 154.0 | 129.2 | 419.3 | 702.5 |
| | | 14,595.6 | - | - | 14,595.6 | 282.4 | 1,550.9 | 12,762.3 | 14,595.6 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables (note 3.1(a)(i)) | | - | 2.3 | - | 2.3 | | | | |
| Cash in hand and at bank | 33(b) | - | 35.2 | - | 35.2 | | | | |
| | | - | 37.5 | - | 37.5 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Borrowings | 20 | - | - | 1,087.6 | 1,087.6 | | | | |
| Trade and other payables (note 3.1(a)(i)) | | - | - | 11.1 | 11.1 | | | | |
| | | - | - | 1,098.7 | 1,098.7 | | | | |

(i) Trade and other receivables as stated above exclude deposits.

(ii) Trade and other payables as stated above exclude deposits, taxes and provisions.

## 13. Deferred Taxes

Deferred income taxes are calculated on all temporary differences under the liability method at the effective tax rate of 17% (2021: 17%).

(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:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Deferred tax assets | **(157.1)** | (216.7) |
| Deferred tax liabilities | **141.3** | 242.5 |
| | **(15.8)** | 25.8 |
| Unused tax losses available for offset against future taxable profits | **438.4** | 566.9 |

| The tax losses expire on a rolling basis over 5 years as follows: | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| 2023 | **121.6** | 37.0 |
| 2024 | **23.4** | 208.4 |
| 2025 | **26.4** | 251.8 |
| 2026 | **251.8** | 46.3 |
| 2027 | **15.2** | 23.4 |
| | **438.4** | 566.9 |

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:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **25.8** | 3.7 |
| Credited to profit or loss (note 24(b)) | **(30.0)** | (11.7) |
| (Credited)/charged to other comprehensive income | **(11.6)** | 33.8 |
| **At December 31,** | **(15.8)** | 25.8 |

(c) The deferred income (credited)/tax charged to other comprehensive income during the year is as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Fair value reserves in shareholders' equity: | | |
| - Land and building | **(21.2)** | - |
| - Retirement benefit obligation (note 13(d)) | **9.6** | 33.8 |
| | **(11.6)** | 33.8 |

## 13. Deferred Income Taxes (Cont'd)

(d) Deferred tax assets and liabilities, deferred tax movement in profit or loss and equity are attributable to the following items:

| THE GROUP | At January 1, 2021 | Profit or Loss | Movement in Equity | **At December 31, 2021** | **Profit or Loss** | **Movement in Equity** | **At December 31, 2022** |
|---|---|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** |
| **Deferred income tax liabilities** | | | | | | | |
| Accelerated tax depreciation | 205.4 | (10.0) | - | **195.4** | **(80.6)** | **-** | **114.8** |
| Asset revaluations | 51.5 | (4.4) | - | **47.1** | **0.6** | **(21.2)** | **26.5** |
| | 256.9 | (14.4) | - | **242.5** | **(80.0)** | **(21.2)** | **141.3** |
| **Deferred income tax assets** | | | | | | | |
| Accelerated tax depreciation | (114.6) | 0.8 | - | **(113.8)** | **47.0** | **-** | **(66.8)** |
| Tax losses carried forward | (0.2) | (1.1) | - | **(1.3)** | **0.9** | **-** | **(0.4)** |
| Right-of-use assets | (0.8) | 1.0 | - | **0.2** | **(0.7)** | **-** | **(0.5)** |
| Retirement benefit obligations | (135.3) | 2.2 | 33.8 | **(99.3)** | **1.0** | **9.6** | **(88.7)** |
| Provisions | (2.3) | (0.2) | - | **(2.5)** | **1.8** | **-** | **(0.7)** |
| | (253.2) | 2.7 | 33.8 | **(216.7)** | **50.0** | **9.6** | **(157.1)** |
| **Net deferred income tax liabilities** | 3.7 | (11.7) | 33.8 | **25.8** | **(30.0)** | **(11.6)** | **(15.8)** |

## 14. Inventories

| | **THE GROUP** | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| (a) Raw materials | **203.6** | 289.7 |
| Work-in-progress | **234.5** | 186.6 |
| Inventory property | **154.9** | 35.7 |
| Finished goods | **730.6** | 525.3 |
| Spare parts and consumables | **314.3** | 268.7 |
| Less: Provision for obsolescence | **(13.0)** | (17.3) |
| | **1,624.9** | 1,288.7 |

(b) The cost of inventories recognised as expense and included in cost of sales are as follows:

| | **THE GROUP** | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Cost of inventories consumed in respect of other inventories (note 29) | **3,105.8** | 3,005.7 |
| Cost of inventories consumed in respect of sales of completed inventory property | **393.7** | 10.0 |
| | **3,499.5** | 3,015.7 |

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 15. Consumable Biological Assets

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **193.3** | 172.6 |
| Net changes in fair value less estimated costs to sell | **102.3** | 20.7 |
| **At December 31,** | **295.6** | 193.3 |

The fair value measurements for standing canes have been categorised as Level 3 fair values based on the inputs.

At December 31, 2022, sugar canes comprised of approximately 5,086 hectares of sugar cane plantations (2021: 4,986 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 300,823 tonnes of canes (2021: 305,335 tonnes), which based on a selling price of Raw Sugar at MUR 21,500/ton (2021: MUR 16,765/ton) had a fair value less costs to sell of MUR'M 295.6 (2021: MUR'M 193.3) at the date of harvest.

For the year 2023, the Group forecasts to harvest approximately 1,074,000 tonnes of canes (2022: 1,037,000 tonnes).

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

**THE GROUP**

| **Sugar cane** | **Key unobservable inputs** | **Range of unobservable inputs** | **Sensitivity of the input to fair value** | |
|---|---|---|---|---|
| **2022** | | | **%** | **MUR'M** |
| | Cane maturity | **20.0%** | **10.0%** | **0.66** |
| | Price of sugar | **22,626** | **10.0%** | **47.39** |
| | Extraction rate | **10.5%** | **0.5%** | **27.45** |
| | Estimated cane production in metric tonnes | **290,000** | **10.0%** | **46.17** |
| 2021 | | | | |
| | Cane maturity | 20.0% | 10.0% | 0.30 |
| | Price of sugar | 15,000 | 10.0% | 38.90 |
| | Extraction rate | 10.0% | 0.5% | 21.30 |
| | Estimated cane production in metric tonnes | 340,000 | 5.0% | 33.61 |

An increase/(decrease) in each of the key unobservable inputs would give rise to an increase/(decrease) in the fair value of consumable biological assets.

## 15. Consumable Biological Assets (Cont'd)

The Group's sugar cane plantations are exposed to the risk of damage from extreme weather events such as storms, high winds and drought. Changes in global climate conditions could intensify one or more of these events. Periods of drought and associated high temperatures may increase the risk of sugar cane fires and insect outbreaks. In addition to their effects on sugar cane yields, extreme weather events may also increase the cost of operations. The Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. Physical risks arising from fires and drought are to a great extent subject to risk transfer and thereby within the cover of the Group's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

At the Group, 80% of the harvesting is done mechanically using specialised industrial equipment. Traditionally, the cane was burnt before harvesting to remove leaves and other wastes which could impede milling. However, as a means to reduce herbicides, sugarcane are green harvested, thus recycling nitrogen in the plant, keeping the humidity in the soil and avoiding the growth of weeds.

## 16. Trade and Other Receivables

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Trade receivables | **1,084.1** | 938.0 | **-** | - |
| Less: allowance for impairment (note 16(i)) | **(158.2)** | (130.4) | **-** | - |
| Trade receivables - net | **925.9** | 807.6 | **-** | - |
| Dividend receivable | **44.3** | 2.3 | **2.4** | 0.9 |
| Deposit receivable | **0.1** | 22.5 | **-** | - |
| Accrued income | **-** | 20.4 | **-** | - |
| Advance payments | **16.5** | 86.5 | **-** | - |
| Short-term loans | **1.2** | 1.1 | **-** | - |
| Receivable from related parties (note 40(ii)) | **-** | - | **45.0** | 41.2 |
| Deposit on investments | **0.9** | 83.9 | **0.9** | 1.0 |
| Prepayments | **78.5** | 82.9 | **-** | - |
| Sugar proceeds receivable | **253.1** | 519.4 | **-** | - |
| Molasses proceeds receivable | **247.6** | - | **-** | - |
| VAT and taxes | **96.1** | 90.3 | **-** | - |
| Other receivables | **99.6** | 42.2 | **1.0** | 1.4 |
| | **1,763.8** | 1,759.1 | **49.3** | 44.5 |

The carrying amounts of trade and other receivables approximate their fair values.

## 16. Trade and Other Receivables (Cont'd)

The Group and the Company made an assessment of impairment of 'other receivables' and receivable from related parties under the Expected Credit Losses (ECL) model using general approach and determined that the impairment is immaterial.

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 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| MUR | **1,420.8** | 1,341.2 | **49.3** | 44.5 |
| USD | **45.1** | 23.0 | **-** | - |
| EUR | **238.0** | 171.0 | **-** | - |
| SCR | **-** | 85.6 | **-** | - |
| Other currencies | **59.9** | 138.3 | **-** | - |
| | **1,763.8** | 1,759.1 | **49.3** | 44.5 |

(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. 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, 2022 and 2021 was determined as follows for trade receivables:

**THE GROUP**

| **At December 31, 2022** | **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** |
| Expected loss rate | **6.1%** | **1.8%** | **4.9%** | **58.0%** | |
| Gross carrying amount - trade receivable | **818.1** | **65.0** | **18.3** | **182.7** | **1,084.1** |
| Loss allowance | **(50.2)** | **(1.2)** | **(0.9)** | **(105.9)** | **(158.2)** |

# 16. Trade and Other Receivables (Cont'd)

(i) *Impairment of trade receivables (Cont'd)*

**THE GROUP (Cont'd)**

| At December 31, 2021 | 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 |
| Expected loss rate | 6.7% | 4.3% | 11.5% | 82.6% | |
| Gross carrying amount - trade receivable | 776.5 | 55.3 | 16.5 | 89.7 | 938.0 |
| Loss allowance | (52.0) | (2.4) | (1.9) | (74.1) | (130.4) |

The closing loss allowances for trade receivables as at December 31, reconcile to the opening loss allowances as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **130.4** | 122.8 |
| Loss allowance recognised in profit or loss during the year (note 27) | **48.0** | 58.5 |
| Exchange difference | **(3.3)** | 1.0 |
| Receivables written off during the year as uncollectible | **(5.6)** | (0.7) |
| Unused amount reversed (note 27A) | **(11.3)** | (51.2) |
| **At December 31,** | **158.2** | 130.4 |

(ii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above except for 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 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%. For both years, the loss allowance on other receivables was deemed to be insignificant and have not been provided in profit or loss.

## 17. Non-Current Assets classified as Held for Sale

(i) *Non-current assets classified as held for sale*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| At January 1, | **1,098.7** | 291.5 | **351.7** | 331.3 |
| Reclassified from investments in subsidiaries (note 8(a)) | **-** | - | **-** | 8.0 |
| Reclassified from investments in associates (note 9(ii)) | **264.7** | - | **-** | - |
| Additions | **-** | 755.1 | **-** | - |
| Fair value (loss)/gain (note 17 (iii)) | **(94.8)** | 77.0 | **(94.8)** | 77.0 |
| Disposals | **-** | (24.9) | **-** | (64.6) |
| Movement in assets | **123.0** | - | **-** | - |
| **At December 31,** | **1,391.6** | 1,098.7 | **256.9** | 351.7 |

(ii) *Liabilities directly associated with non-current assets classified as held for sale*

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **781.7** | - |
| Movement in liabilities | **147.0** | 781.7 |
| Reclassified from investments in associates (note 9(ii)) | **134.9** | - |
| **At December 31,** | **1,063.6** | 781.7 |

At December 31, 2022, the investment in United Investments Ltd, Rehm Grinaker Construction Co Ltd and Aquasentec International Ltd were classified as held for sale following the decision of the Board to dispose of them 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.

Non-current assets held for sale are stated at fair value less costs to sell and where applicable based on the share price at year end.

(iii) The fair value (loss)/gain is recognised through other comprehensive income at Company level and through profit or loss at Group level. It arises in the fair value movement in the share price of United Investments Ltd.

(iv) Assets classified as held-for-sale and liabilities associated with assets include the following:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Assets classified as held for sale:** | | | | |
| Rehm Grinaker Construction Co Ltd (note (v)) | **878.0** | 755.1 | **8.0** | 8.0 |
| United Investments Limited (at fair value) | **248.9** | 343.6 | **248.9** | 781.7 |
| Aquasantec International Limited (note (vii)) | **264.7** | - | **-** | - |
| | **1,391.6** | 1,098.7 | **256.9** | 789.7 |
| **Liabilities associated with assets classified as held for sale:** | | | | |
| Rehm Grinaker Construction Co Ltd (note (v)) | **928.7** | 781.7 | **-** | - |
| Aquasantec International Limited (note (vii)) | **134.9** | - | **-** | - |
| | **1,063.6** | 781.7 | **-** | - |
| **Net assets of disposal group** | **328.00** | 317.0 | **256.9** | 789.7 |

# 17. Non-Current Assets classified as Held for Sale (Cont'd)

## (v) Rehm Grinaker Construction Co Ltd

In October 2020, the Board has resolved to dispose of Rehm Grinaker Construction Co Ltd and negotiations with interested parties are in progress. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other core businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to be the same as the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

The major classes of assets and liabilities of Rehm Grinaker Construction Co Ltd classified as held for sale are as follows:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Property, plant and equipment | **197.7** | 167.2 |
| Contract assets (note 45(i)) | **282.9** | 141.2 |
| Trade and other receivables | **83.9** | 107.4 |
| Financial assets at amortised cost | **-** | 103.3 |
| Prepayment | **106.0** | - |
| Cash and cash equivalents | **147.7** | 137.4 |
| Other assets | **59.8** | 98.6 |
| **Assets classified as held for sale** | **878.0** | 755.1 |
| Borrowings | **33.1** | 40.2 |
| Retirement benefit obligations | **56.4** | 71.8 |
| Provisions | **498.7** | - |
| Trade and other payables | **158.1** | 549.0 |
| Contract liabilities (note 45 (ii)) | **180.2** | 117.1 |
| Oher liabilities | **2.2** | 3.6 |
| **Liabilities associated with assets classified as held for sale** | **928.7** | 781.7 |
| **Net assets of disposal group** | **(50.7)** | (26.6) |

## (vi) *United Investments Ltd*

In December 2019, the Board took the decision to dispose all its investments in the operator, which is expected to dissolve within 12 months, have been classified as a disposal group held for sale and presented separately in the Statement of Financial Position.

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 17. Non-Current Assets classified as Held for Sale (Cont'd)

### (vii) *Aquasantec International Limited*

Subsequent to an offer, the Directors of Terravest Holding Ltd, a wholly-owned subsidiary of Terra Mauricia Ltd, agreed, on December 3, 2022, to dispose of all the shares held in Aquasantec International Limited. The sale is expected to be completed within a year from the reporting date. At December 31, 2022, Aquasantec International Limited was classified as a disposal group held for sale and presented separately in the statement of financial position. The major classes of assets and liabilities of Aquasantec International Limited classified as held for sale are as follows:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Goodwill | **54.2** | - |
| Property, plant and equipment | **86.8** | - |
| Right-of-use assets | **10.1** | - |
| Equity investments | **28.8** | - |
| Inventories | **23.0** | - |
| Trade and other receivables | **44.3** | - |
| Financial asset at amortised cost | **7.6** | - |
| Cash and cash equivalents | **3.7** | - |
| Other assets | **6.2** | - |
| **Assets classified as held for sale** | **264.7** | - |
| Borrowings | **44.5** | - |
| Lease liabilities | **9.1** | - |
| Trade and other payables | **77.1** | - |
| Oher liabilities | **4.2** | - |
| **Liabilities associated with assets classified as held for sale** | **134.9** | - |
| **Net assets of disposal group** | **129.8** | - |

## 18. Stated Capital

| | | **THE GROUP AND THE COMPANY** | |
|---|---|---|---|
| | | **2022** | 2021 |
| | **No. of shares Million** | **MUR'M** | MUR'M |
| Issued and fully paid | | | |
| At January 1, and December 31, | **227.5** | **11,976.0** | 11,976.0 |

The total issued number of ordinary shares of TERRA Mauricia Ltd is 227,545,624 shares of no par value (2021: 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.

The Board may issue shares at any time and there is no limit on the number of shares to be issued at no par value.

## 19. Revaluation and Other Reserves

| THE GROUP | Notes | Associates Reserves | Revaluation Reserves | Amalgamation Reserves | Actuarial Losses | Translation Reserve | Financial Assets at FVOCI Reserve | Total |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | | | |
| | | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| At January 1, 2022 | | **245.2** | **2,102.6** | **(43.3)** | **(270.9)** | **73.4** | **(428.3)** | **1,678.7** |
| Remeasurements of post employment benefit obligations | | - | - | - | **(36.6)** | - | - | **(36.6)** |
| Deferred tax on remeasurements of post employment benefit obligations | | - | - | - | **6.1** | - | - | **6.1** |
| Release on disposal of land | | - | **(258.4)** | - | - | - | - | **(258.4)** |
| Revaluation of land and buildings | | - | **1,552.3** | - | - | - | - | **1,552.3** |
| Deferred tax on revaluation of buildings | | - | **(17.7)** | - | - | - | - | **(17.7)** |
| Changes in fair value of equity instruments at fair value through other comprehensive income | 10 | - | - | - | - | - | **48.0** | **48.0** |
| Other movements | | - | **(18.9)** | - | **10.9** | - | - | **(8.0)** |
| Movement in translation reserves | | **(30.9)** | - | - | - | **(0.5)** | - | **(31.4)** |
| Changes in ownership interest in subsidiaries that do not result in loss of control | | - | **(69.2)** | - | - | - | - | **(69.2)** |
| Share of other comprehensive income of associates | 9 | **(242.7)** | **15.3** | - | - | - | - | **(227.4)** |
| **At December 31, 2022** | | **(28.4)** | **3,306.0** | **(43.3)** | **(290.5)** | **72.9** | **(380.3)** | **2,636.4** |

## 19. Revaluation and Other Reserves (Cont'd)

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **THE GROUP** | Notes | **Associates Reserves** | **Revaluation Reserves** | **Amalgamation Reserves** | **Actuarial Losses** | **Translation Reserve** | **Financial Assets at FVOCI Reserve** | **Total** |
| | | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| At January 1, 2021 | | 31.4 | 2,151.1 | (43.3) | (445.4) | 60.2 | (446.2) | 1,307.8 |
| Remeasurements of post employment benefit obligations | | - | - | - | 206.6 | - | - | 206.6 |
| Deferred tax on remeasurements of post employment benefit obligations | | - | - | - | (32.1) | - | - | (32.1) |
| Release on disposal of land | | - | (50.0) | - | - | - | - | (50.0) |
| Changes in fair value of equity instruments at fair value through other comprehensive income | 10 | - | - | - | - | - | (77.8) | (77.8) |
| Release on disposal of equity investments at fair value through OCI | | - | - | - | - | - | 95.7 | 95.7 |
| Consolidation adjustments on acquisition of subsidiary | | - | (13.0) | - | - | - | - | (13.0) |
| Other movements | | - | 0.7 | - | - | - | - | 0.7 |
| Movements in translation reserve | | 22.4 | - | - | - | 13.2 | - | 35.6 |
| Share of other comprehensive income of associates | 9 | 191.4 | 13.8 | - | - | - | - | 205.2 |
| **At December 31, 2021** | | 245.2 | 2,102.6 | (43.3) | (270.9) | 73.4 | (428.3) | 1,678.7 |

## 19. 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 TERRA Mauricia Ltd with HF Investments Ltd.

### THE COMPANY

The Company's revaluation and other reserves are made up of amalgamation reserve and equity instruments at fair value through other comprehensive income reserve.

## 20. Borrowings

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Non-current** | | | | |
| Bank loans (note 20(c)) | **726.5** | 618.6 | **-** | - |
| Loans from related parties (notes 40, 20(c)) | **2,600.0** | 2,479.0 | **1,009.6** | 851.6 |
| **Total non-current** | **3,326.5** | 3,097.6 | **1,009.6** | 851.6 |
| **Current** | | | | |
| Bank overdrafts (note 33(b)) | **21.6** | 33.4 | **-** | - |
| Bank loans | **52.5** | 70.0 | **-** | - |
| Loans from related parties (notes 40) | **50.0** | - | **48.3** | 236.0 |
| Money market lines (note 20(a)) | **1,192.3** | 935.2 | **-** | - |
| | **1,294.8** | 1,005.2 | **48.3** | 236.0 |
| **Total current** | **1,316.4** | 1,038.6 | **48.3** | 236.0 |
| **Total borrowings** | **4,642.9** | 4,136.2 | **1,057.9** | 1,087.6 |

## 20. Borrowings (Cont'd)

(a) Breakdown of loans:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| - Loans from related parties | **2,750.0** | 2,479.0 | **1,057.9** | 1,087.6 |
| - Bank loans | **779.0** | 688.6 | **-** | - |
| - Money market lines | **1,192.3** | 935.2 | **-** | - |
| | **4,721.3** | 4,102.8 | **1,057.9** | 1,087.6 |
| Less: Repayable within one year | **(1,394.8)** | (1,005.2) | **(48.3)** | (236.0) |
| Repayable after one year | **3,326.5** | 3,097.6 | **1,009.6** | 851.6 |

(b) The maturity of non-current loans is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| - After one year and before two years | **57.0** | 48.6 | **-** | - |
| - After two years and before five years | **10.5** | 70.0 | **-** | - |
| - Above five years | **3,259.0** | 2,979.0 | **1,009.6** | 851.6 |
| | **3,326.5** | 3,097.6 | **1,009.6** | 851.6 |

(c) Non-current borrowings can be analysed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| - After one year and before two years | | | | |
| Bank borrowings | **57.0** | 48.6 | **-** | - |
| - After two years and before five years | | | | |
| Bank borrowings | **10.5** | 70.0 | **-** | - |
| - After five years | | | | |
| Bank borrowings | **659.0** | 500.0 | **-** | - |
| Loans from related parties | **2,600.0** | 2,479.0 | **1,009.6** | 851.6 |
| | **3,259.0** | 2,979.0 | **1,009.6** | 851.6 |
| Total | **3,326.5** | 3,097.6 | **1,009.6** | 851.6 |

The carrying amounts of non-current borrowings are not materially different from the fair value.

(d) An analysis of borrowing by currency is provided below:

| | THE GROUP | | |
|---|---|---|---|
| | **MUR'M** | **SCR'M** | **Total** |
| **2022** | | | |
| Bank overdraft | **21.6** | - | **21.6** |
| Bank loans | **779.0** | - | **779.0** |
| Loans from related parties | **2,650.0** | - | **2,650.0** |
| Money market lines | **1,192.3** | - | **1,192.3** |
| | **4,642.9** | - | **4,642.9** |

## 20. Borrowings (Cont'd)

(d) An analysis of borrowing by currency is provided below: (Cont'd)

| 2021 | THE GROUP | | |
|---|---|---|---|
| | MUR'M | SCR'M | Total |
| Bank overdraft | 33.4 | - | 33.4 |
| Bank loans | 677.3 | 11.3 | 688.6 |
| Loans from related parties | 2,479.0 | - | 2,479.0 |
| Money market lines | 935.2 | - | 935.2 |
| | 4,124.9 | 11.3 | 4,136.2 |

The borrowings held by the Company are all denominated in Mauritian Rupee.

(e) The interest rate profile of the Group and Company at the reporting date was as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| | **Floating interest rate** | | **Floating interest rate** | |
| | **% p.a.** | % p.a. | **% p.a.** | % p.a. |
| Loans from related parties | **1.20 - 5.73** | 3.575 | **1.50 - 6.82** | 1.50 - 2.95 |
| Bank loans | **1.50 - 6.75** | 1.50 - 4.10 | **n/a** | n/a |
| Money market lines | **2.00 - 5.35** | 2.50 - 3.10 | **n/a** | n/a |

(f) Money Market Lines are short-term (1-3 months) borrowings, renewable at the option of the Group.

(g) Borrowings are secured by fixed and floating charges on the land and buildings (note 5(e)).

(h) The Group has bank loans with a total carrying amount of MUR'M 1,971.3 at December 31, 2022 (2021: MUR'M 1,623.8). These loans contained the following covenants:

- Debt to equity ratio not exceeding 0.5:1
- Minimum interest cover of 2.0:1 to be maintained at all times.

The Directors confirmed that there has been no breach of the loan covenants at reporting date.

(i) Borrowings are not materially different since the borrowings carry floating interest rates as such they approximate their value.

## 21. Lease Liabilities

| THE GROUP | Land MUR'M | Buildings MUR'M | Motor vehicles MUR'M | Total MUR'M |
|---|---|---|---|---|
| At January 1, 2021 | 5.5 | 20.9 | 7.0 | 33.4 |
| Additions | - | 15.8 | 0.9 | 16.7 |
| Effect of modification to lease term | (0.9) | 17.9 | (0.4) | 16.6 |
| Interest expense | 0.4 | 1.1 | 0.5 | 2.0 |
| Lease payments | (0.5) | (16.9) | (1.9) | (19.3) |
| **At December 31, 2021** | **4.5** | **38.8** | **6.1** | **49.4** |
| Additions | **-** | **11.6** | **8.1** | **19.7** |
| Effect of modification to lease term | **-** | **38.4** | **-** | **38.4** |
| Derecognition of lease liabilities | **-** | **-** | **(0.3)** | **(0.3)** |
| Interest expense | **0.4** | **1.7** | **-** | **2.1** |
| Lease payments | **(0.5)** | **(19.8)** | **(2.6)** | **(22.9)** |
| **At December 31, 2022** | **4.4** | **70.7** | **11.3** | **86.4** |

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Current | **47.7** | 36.5 |
| Non-current | **38.7** | 12.9 |
| | **86.4** | 49.4 |

### (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 Bassin Paquet in the district of Rivière du Rempart 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 21 motor vehicles for use in its operations.

### (b) Lease payments

#### (i) *Variable lease payments*

The lease payments for the plot of land and Bassin Paquet in Rivière du Rempart is a fixed yearly amount while the other plot of land in Rivière 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.

#### (ii) *Fixed lease payments*

The lease payments for motor vehicles are fixed yearly amounts.

## 21. Lease Liabilities (Cont'd)

### (c) Lease terms

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 Rivière 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.

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| (d) Interest expense (included in finance costs) | **2.1** | 2.0 |
| Total cash outflows | **22.9** | 19.3 |

(e) Lease payments are analysed as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Principal paid on lease liabilities | **(20.8)** | (17.3) |
| Interest paid on lease liabilities | **(2.1)** | (2.0) |
| | **(22.9)** | (19.3) |

## 22. Retirement Benefit Obligations

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Amount recognised in the statement of financial position: | | |
| Defined pension benefits (note 22(a)(ii)) | **679.2** | 628.8 |
| Amount charged to profit or loss: | | |
| - Defined pension benefits (note 22(a)(v)) | **60.3** | 49.7 |
| - Defined contribution plan | **9.7** | 21.2 |
| | **70.0** | 70.9 |
| Amount charged/(credited)to other comprehensive income | | |
| - Defined pension benefits (note 22(a)(vi)) | **57.5** | (221.2) |

### (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, 2022. 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.

## 22. Retirement Benefit Obligations (Cont'd)

### (a) Defined pension benefits (Cont'd)

(ii) The amounts recognised in the statement of financial position are as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Present value of funded obligations | **1,155.3** | 1,190.2 |
| Fair value of plan assets | **(693.4)** | (708.6) |
| | **461.9** | 481.6 |
| Present value of unfunded obligations | **217.3** | 147.2 |
| Liability in the statement of financial position | **679.2** | 628.8 |

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **628.8** | 865.1 |
| Charged to profit or loss | **60.3** | 49.7 |
| Charged/(credited) to other comprehensive income | **57.5** | (221.2) |
| Employer's contributions | **(67.4)** | (64.8) |
| **At December 31,** | **679.2** | 628.8 |

(iii) The movement in the defined benefit obligation over the year is as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **1,337.4** | 1,516.1 |
| Current service cost | **25.7** | 31.9 |
| Interest cost | **47.2** | 29.3 |
| Employees' contributions | **1.1** | 1.1 |
| Past service cost | **11.6** | - |
| Actuarial losses/(gains) | **27.6** | (151.5) |
| Benefits paid | **(78.0)** | (89.5) |
| **At December 31,** | **1,372.6** | 1,337.4 |
| Analysed as follows: | | |
| Present value of funded obligations | **1,155.3** | 1,190.2 |
| Present value of unfunded obligations | **217.3** | 147.2 |
| | **1,372.6** | 1,337.4 |

# 22. Retirement Benefit Obligations (Cont'd)

## (a) Defined pension benefits (Cont'd)

(iv) The movement in the fair value of plan assets of the year is as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **708.6** | 651.0 |
| Interest income | **26.4** | 14.2 |
| Actuarial (losses)/gains | **(29.9)** | 69.7 |
| Employer's contributions | **67.4** | 64.8 |
| Employees' contributions | **1.1** | 1.1 |
| Scheme expenses | **(1.4)** | (1.7) |
| Benefits paid | **(78.0)** | (89.5) |
| Cost of insuring risk benefits | **(0.8)** | (1.0) |
| **At December 31,** | **693.4** | 708.6 |

(v) The amount recognised in profit or loss are as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Current service cost | **25.7** | 31.9 |
| Scheme expense | **1.4** | 1.7 |
| Cost of insuring risk benefits | **0.8** | 1.0 |
| Net interest expense | **20.8** | 15.1 |
| Past service cost | **11.6** | - |
| **Total included in employee benefit expense** | **60.3** | 49.7 |

(vi) The amounts recognised in other comprehensive income are as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| Remeasurement on the net defined benefit liability: | **MUR'M** | MUR'M |
| Losses/(gains) on pension scheme assets | **29.9** | (69.7) |
| Experience losses on the liabilities | **32.4** | 0.7 |
| Changes in assumption underlying the present value of the scheme | **(4.8)** | (152.2) |
| **Actuarial losses recognised in OCI** | **57.5** | (221.2) |

(vii) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Local equities | **99.9** | 108.6 |
| Overseas equities | **136.0** | 159.3 |
| Fixed interest | **222.6** | 227.9 |
| Properties | **73.8** | 74.8 |
| Qualifying insurance policies | **161.1** | 138.0 |
| **Total market value of assets** | **693.4** | 708.6 |

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 Group's ordinary shares are not included in the pension plan assets.

## 22. Retirement Benefit Obligations (Cont'd)

### (a) Defined pension benefits (Cont'd)

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuation were:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| Discount rate | **4.3% - 6%** | 3.6% - 5% |
| Future salary growth rate | **1% - 3%** | 0.5% - 1% |
| Future pension growth rate | **0.0%** | 0.0% |

(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:

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Discount rate (1% decrease) | **125.5** | 141.3 |
| Future salary growth (1% increase) | **42.0** | 39.6 |
| Future pension growth (1% decrease) | **42.0** | 39.6 |

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. Any similar variation in other assumptions would have shown a smaller change in the defined benefit obligation.

(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 are 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.

(a) Longevity risk - The liabilities disclosed are based on the mortality tables PA(92) for post-retirement mortality. Should the experience be less favourable than the standard mortality tables, the liabilities will increase.

(b) Interest rate risk - If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

(c) 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.

## 22. Retirement Benefit Obligations (Cont'd)

### (a) Defined pension benefits (Cont'd)

(xiii) The Group is expected to contribute MUR'M 26.1 to the pension scheme for the year ending December 31, 2023.

Prior to the implementation of the Portable Retirement Gratuity Fund (PRGF), the benefits payable to employees who are not part of any pension plans, were unfunded as at December 31, 2019. With the implementation of the PRGF, these employees who resigned as from 2020 are eligible for a portable gratuity benefit based on service with the employer as from January 1, 2020 and remuneration as exit (same benefit formula as for retirement/death gratuity). As from January 2022, the Group has started to contribute to PRGF for these employees.

(xiv) The actual return of the total assets for the year 2022 is MUR'M 6.5 (2021: MUR'M 81.3).

(xv) The weighted average duration of the defined benefit obligation is 9.1 years (2021: 9.4 years) at the end of the reporting period.

### (b) Defined contribution plan

The Group operates a defined contribution scheme, the assets of which are held and administered by an independent fund administrator. All new employees of the Group are members of the defined contribution retirement plan. Payments by the Group to the defined contribution retirement plan are charged as an expense as they fall due.

### (c) Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

| | **Defined benefit obligation** | | **Fair value of plan assets** | | **Net defined benefit liability** | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Balance at January 1, | **1,337.4** | 1,516.1 | **(708.6)** | (651.0) | **628.8** | 865.1 |
| **Included in profit or loss** | | | | | | |
| Current service cost | **25.7** | 31.9 | **-** | - | **25.7** | 31.9 |
| Employees' contribution | **1.1** | 1.1 | **(1.1)** | (1.1) | **-** | - |
| Scheme expenses | **-** | - | **1.4** | 1.7 | **1.4** | 1.7 |
| Cost of insuring risk benefit | **-** | - | **0.8** | 1.0 | **0.8** | 1.0 |
| Interest cost/(income) | **47.2** | 29.3 | **(26.4)** | (14.2) | **20.8** | 15.1 |
| Past service cost | **11.6** | - | **-** | - | **11.6** | - |
| | **85.6** | 62.3 | **(25.3)** | (12.6) | **60.3** | 49.7 |
| **Included in OCI** | | | | | | |
| Remeasurement losses/(gains): | | | | | | |
| Arising from actuarial losses/(gains) | **27.6** | (151.5) | **29.9** | (69.7) | **57.5** | (221.2) |
| | **27.6** | (151.5) | **29.9** | (69.7) | **57.5** | (221.2) |
| **Others** | | | | | | |
| Contributions paid by the employer | **-** | - | **(67.4)** | (64.8) | **(67.4)** | (64.8) |
| Benefits paid | **(78.0)** | (89.5) | **78.0** | 89.5 | **-** | - |
| | **(78.0)** | (89.5) | **10.6** | 24.7 | **(67.4)** | (64.8) |
| **Balance as at December 31,** | **1,372.6** | 1,337.4 | **(693.4)** | (708.6) | **679.2** | 628.8 |

## 23. Trade and Other Payables

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Trade payables | **412.3** | 712.8 | **-** | - |
| Amounts due to related parties (note 40) | **12.2** | 22.1 | **3.6** | 1.1 |
| Retention monies | **30.4** | 11.1 | **-** | - |
| Client advances | **1.6** | - | **-** | - |
| Sugar Insurance Premium | **63.2** | 39.1 | **-** | - |
| Employee related expenses | **12.6** | - | **-** | - |
| Accruals | **324.2** | 258.9 | **-** | - |
| Deposits | **47.4** | 37.3 | **-** | 0.9 |
| VAT and taxes | **93.7** | 44.6 | **-** | - |
| Provisions (note 23(a)) | **35.5** | 24.8 | **-** | - |
| Others | **95.7** | 92.9 | **8.7** | 10.0 |
| | **1,128.8** | 1,243.6 | **12.3** | 12.0 |

(a) *Centralisation in accordance with restructuration*

Provisions for compensation payments in respect of restructuration 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.

## 24. Taxation

(a) **(Assets)/liabilities in the statements of financial position**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| At January 1, | **39.7** | 26.0 | **0.2** | 0.5 |
| (Over)/under provision in previous years | **(14.9)** | (2.4) | **(0.1)** | (0.5) |
| Tax recovered | **(0.9)** | - | **-** | - |
| | **23.9** | 23.6 | **0.1** | - |
| Current tax on the adjusted profits for the year at 3%/15%/25%/30% (2021: 3%/15%/25%/30%) | **0.9** | 64.5 | **0.4** | 0.2 |
| Other adjustment | **(2.1)** | - | **-** | - |
| Tax paid | **(31.4)** | (51.2) | **(0.6)** | - |
| Translation difference | **(2.4)** | 2.8 | **-** | - |
| **At December 31,** | **(11.1)** | 39.7 | **(0.1)** | 0.2 |
| *Analysed as follows:* | | | | |
| Current tax assets | **(20.1)** | (3.2) | **(0.1)** | - |
| Current tax liabilities | **9.0** | 42.9 | **-** | 0.2 |
| | **(11.1)** | 39.7 | **(0.1)** | 0.2 |

## 24. Taxation (Cont'd)

(b) **(Credited)/Charged in profit or loss**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Current tax on the adjusted profits for the year at 3%/15%/25%/30% (2021: 3%/15%/25%/30%) | **0.9** | 64.5 | **0.4** | 0.2 |
| (Over)/under provision in previous years | **(14.9)** | (2.4) | **(0.1)** | (0.5) |
| Deferred taxation (note 13(b)) | **(30.0)** | (11.7) | **-** | - |
| **(Credited)/charged for the year** | **(44.0)** | 50.4 | **0.3** | (0.3) |

(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 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Profit before taxation from continuing operations | **949.0** | 367.1 | **279.9** | 160.1 |
| Effective tax calculated at a rate of 17% (2021: 17%) | **161.3** | 62.4 | **47.6** | 27.2 |
| Income not subject to tax | **(201.6)** | (132.4) | **(47.7)** | (31.6) |
| Expenses not deductible for tax purposes | **11.2** | 122.8 | **0.3** | 4.6 |
| (Over)/under provision in previous years | **(14.9)** | (2.4) | **0.1** | (0.5) |
| **Charged/(credited) for the year** | **(44.0)** | 50.4 | **0.3** | (0.3) |

(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.

## 25. 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 and Leisure, which includes the rental of properties, property development and leisure services.
- Others, which include contract revenue in respect of construction (in 2021), manufacture and sale of building materials, none of which constitute a separately reportable segment.

| | THE GROUP | | | | | | THE COMPANY |
|---|---|---|---|---|---|---|---|
| **2022** | **Cane** | **Power** | **Brands** | **Property and 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 | **1,541.0** | **-** | **2,656.5** | **-** | **197.3** | **4,394.8** | **-** |
| Sale of services | **46.1** | **-** | **-** | **329.9** | **7.4** | **383.4** | **-** |
| Sale of properties | **-** | **-** | **-** | **702.3** | **-** | **702.3** | **-** |
| Dividend income | **-** | **-** | **-** | **-** | **27.1** | **27.1** | **345.3** |
| **Recognised over time:** | | | | | | | |
| Sale of electricity | **-** | **1,097.8** | **-** | **-** | **-** | **1,097.8** | **-** |
| Total revenue from contracts with customers | **1,587.1** | **1,097.8** | **2,656.5** | **1,032.2** | **231.8** | **6,605.4** | **345.3** |

| | THE GROUP | | | | | | THE COMPANY |
|---|---|---|---|---|---|---|---|
| **2021** | **Cane** | **Power** | **Brands** | **Property and 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 | 1,177.6 | - | 2,182.8 | - | 173.2 | 3,533.6 | - |
| Sale of services | 49.0 | - | - | 164.2 | 10.9 | 224.1 | - |
| Sale of properties | - | - | - | 353.9 | - | 353.9 | - |
| Dividend income | - | - | - | - | - | - | 210.9 |
| **Recognised over time:** | | | | | | | |
| Contract revenue | - | - | - | - | 300.3 | 300.3 | - |
| Sale of electricity | - | 1,811.9 | - | - | - | 1,811.9 | - |
| Total revenue from contracts with customers | 1,226.6 | 1,811.9 | 2,182.8 | 518.1 | 484.4 | 6,223.8 | 210.9 |

# 25. Revenue (Cont'd)

## (b) Geographical segments

The Group's four reportable segments operate in the following main geographical areas and are managed in their respective country:

| | Total assets | | Capital expenditure | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Mauritius | **24,273.2** | 21,408.5 | **1,140.4** | 645.0 |
| Côte d'Ivoire | **557.9** | 713.2 | **-** | - |
| Seychelles | **243.9** | 161.6 | **6.8** | 0.8 |
| | **25,075.0** | 22,283.3 | **1,147.2** | 645.8 |

| Sales analysis: | At a point in time | | Over time | | Total sales | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Mauritius | **5,101.3** | 3,802.0 | **1,097.8** | 2,112.2 | **6,199.1** | 5,914.2 |
| Côte d'Ivoire | **46.1** | 49.0 | **-** | - | **46.1** | 49.0 |
| Seychelles | **360.2** | 260.6 | **-** | - | **360.2** | 260.6 |
| | **5,507.6** | 4,111.6 | **1,097.8** | 2,112.2 | **6,605.4** | 6,223.8 |

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

| | THE GROUP | |
|---|---|---|
| | Contract liabilities | |
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| At January 1, | **158.7** | 73.4 |
| Transfer from trade and other payables | **0.9** | 22.5 |
| Cash received in advance | **786.6** | 426.6 |
| Amount released during the year | **(699.8)** | (363.8) |
| **At December 31,** | **246.4** | 158.7 |

Contract liabilities arise from the Group's property division, which engages in land development.

The refund liability relates to customers' right to return products within 30 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

The following table shows how much of the revenue recognised in the current reporting period relates to brought forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Arising from land development | **158.7** | 73.4 |

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022 (Cont'd)

## 26. Other Income

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Profit on disposal of property, plant and equipment | **53.4** | 144.9 | **-** | - |
| SIFB compensation | **-** | 0.5 | **-** | - |
| Insurance refund | **5.9** | 5.6 | **-** | - |
| Management fees | **15.9** | 14.5 | **-** | - |
| Sale of paillis and boulders | **12.6** | 9.9 | **-** | - |
| Transport and mechanical services | **12.7** | 28.5 | **-** | - |
| Refund from MSS | **12.6** | 8.8 | **-** | - |
| Others | **20.9** | 30.6 | **2.1** | 4.7 |
| | **134.0** | 243.3 | **2.1** | 4.7 |

## 27. Impairment of Financial and Non-Financial Assets

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | **2022** | 2021 | **2022** | 2021 |
| | | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Financial assets** | | | | | |
| *Allowance for expected credit losses:* | | | | | |
| Trade and other receivables (note 16(i)) | (i) | **48.0** | 58.5 | **-** | - |
| Financial assets at amortised cost (note 11) | | **-** | 1.0 | **-** | 1.0 |
| | | **48.0** | 59.5 | **-** | 1.0 |
| **Non-financial assets** | | | | | |
| Property, plant and equipment | (ii) | **-** | 535.9 | **-** | - |
| Investment properties (note 6) | | **0.7** | 0.4 | **-** | - |
| | | **0.7** | 536.3 | **-** | - |

(i) The subsidiaries of TERRA Mauricia Ltd carried out an impairment assessment of their trade receivables which resulted in an impairment of MUR'M 48.0 (2021: MUR'M 58.5).

(ii) Terragen Ltd, a subsidiary of Terra Mauricia Ltd, carried out an impairment test by assessing the recoverable amount of its plant and related equipment which resulted in no material impairment to be recognised for 2022. (2021: MUR'M 535.9). Refer to note 5(c).

## 27A. Reversal of Impairment Loss on Financial and Non-Financial Assets

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **Financial assets** | | | | |
| Reversal of impairment on: | | | | |
| Trade and other receivables (note 16(i)) | **(11.3)** | (51.2) | **-** | - |
| Financial assets at amortised cost (note 11(e)) | **-** | (9.2) | **-** | (9.2) |
| | **(11.3)** | (60.4) | **-** | (9.2) |
| **Non-financial assets** | | | | |
| Intangible assets - Land conversion rights (note 7(a)) | **(12.0)** | - | **-** | - |

Terra Mauricia Ltd carried out an impairment assessment of its intangible assets which resulted in no impairment (2021: Nil). Refer to note 7(a).

## 28. Profit before Finance Costs

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| The profit before finance costs is arrived at after: | **MUR'M** | MUR'M |
| **Crediting:** | | |
| Rental of land and buildings | **199.3** | 119.1 |
| Profit on sale of property, plant and equipment | **53.4** | 144.9 |
| **and charging:** | | |
| Depreciation on property, plant and equipment | **315.5** | 360.3 |
| Depreciation on right-of-use asset | **21.9** | 17.3 |
| Depreciation on investment properties | **27.1** | 17.1 |
| Amortisation of intangible assets | **10.0** | 7.2 |
| Impairment losses of financial and non-financial assets | **48.7** | - |
| Employee benefit expense | **1,133.2** | 1,060.6 |

## 29. Expense by Nature

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Depreciation and amortisation | **374.5** | 401.9 | **-** | - |
| Raw materials and consumables used (note 14(b)) | **3,105.8** | 3,005.7 | **-** | - |
| Employee benefit expense * | **1,133.2** | 1,060.6 | **-** | - |
| Other production costs | **1.5** | - | **-** | - |
| Management fees | **16.5** | - | **-** | - |
| Insurance | **51.5** | - | **-** | - |
| Rent | **4.6** | - | **-** | - |
| Subcontractors cost | **60.3** | - | **-** | - |
| Contract expenses | **-** | 334.5 | **-** | - |
| Repairs and maintenance | **402.3** | 338.0 | **-** | - |
| Selling and distribution costs | **132.9** | - | **-** | - |
| Other expenses | **655.4** | 724.6 | **25.1** | 29.6 |
| **Total cost of sales, administrative expenses, distribution costs and other expenses** | **5,938.5** | 5,865.3 | **25.1** | 29.6 |

*Employee benefits include short-term employee benefits, post employment benefits, other long-term employee benefits and termination benefits.

Other expenses relate to include cost of inventories consumed in respect of sales of completed inventory property.

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 30. Net Finance Costs

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Finance income: | | | | |
| - Foreign exchange gain | **20.6** | 3.0 | **-** | 3.0 |
| - Interest income on lease | **4.3** | 5.3 | **-** | - |
| - Others | **7.1** | 1.7 | **0.6** | - |
| | **32.0** | 10.0 | **0.6** | 3.0 |
| Finance cost: | | | | |
| - Interest expense on bank overdrafts | **(0.1)** | - | **-** | - |
| - Interest expense on loans repayable by instalments | **(4.9)** | (4.8) | **-** | - |
| - Interest expense on loan from related parties (note 40) | **(102.2)** | (75.1) | **(42.1)** | (37.1) |
| - Interest expense on other loans not repayable by instalments | **(61.7)** | (60.1) | **-** | - |
| - Interest expense on lease liabilities | **(2.1)** | (2.0) | **-** | - |
| - Foreign exchange loss | **-** | (8.0) | **-** | - |
| - Others | **(16.0)** | (9.2) | **(0.9)** | - |
| | **(187.0)** | (159.2) | **(43.0)** | (37.1) |
| **Total - Net finance costs** | **(155.0)** | (149.2) | **(42.4)** | (34.1) |

## 31. Earnings per Share

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Profit attributable to owners of the Company on continuing and discontinued operations | **893.2** | 462.3 |
| Profit attributable to owners of the Company on continuing operations | **858.0** | - |
| Number of ordinary shares in issue | **227.5** | 227.5 |
| Basic and diluted | | |
| - from continuing and discontinued operations | **3.93** | 2.03 |
| - from continuing operations | **3.77** | 2.03 |

## 32. Dividends

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| At January 1, | **-** | - | **-** | - |
| Final ordinary declared - MUR 1.00 per share (2021: MUR 0.85 per share) | **227.5** | 193.4 | **227.5** | 193.4 |
| Dividends paid during the year | **(227.5)** | (193.4) | **(227.5)** | (193.4) |
| Dividends declared by subsidiaries to non-controlling interests | **24.3** | 26.3 | **-** | - |
| Dividends paid to non-controlling interests | **(24.3)** | (26.3) | **-** | - |
| **At December 31,** | **-** | - | **-** | - |

# 33. Notes to Statement of Cash Flows

## (a) Reconciliation of liabilities arising from financing activities

**At December 31, 2022**

| | THE GROUP | | | | |
|---|---|---|---|---|---|
| | | | Non-cash changes | | |
| | At January 1, 2022 | Cash flows | Acquisition | Other movements* | At December 31, 2022 |
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| Lease liabilities | **49.4** | **(22.9)** | **19.7** | **46.2** | **86.4** |
| Borrowings | **4,102.8** | **518.5** | **-** | **-** | **4,621.3** |
| Total liabilities from financing activities | **4,152.2** | **495.6** | **19.7** | **46.2** | **4,707.7** |

At December 31, 2021

| | THE GROUP | | | | |
|---|---|---|---|---|---|
| | | | Non-cash changes | | |
| | At January 1, 2021 | Cash flows | Acquisition | Other movements* | At December 31, 2021 |
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| Lease liabilities | 33.4 | (19.3) | 16.7 | 18.6 | 49.4 |
| Borrowings | 3,898.8 | 204.0 | - | - | 4,102.8 |
| Total liabilities from financing activities | 3,932.2 | 184.7 | 16.7 | 18.6 | 4,152.2 |

*Other movements include mainly foreign exchange difference and effect of modification to lease term.

**At December 31, 2022**

| | THE COMPANY | | |
|---|---|---|---|
| | At January 1, 2022 | Cash flows | At December 31, 2022 |
| | MUR'M | MUR'M | MUR'M |
| Borrowings | **1,087.6** | **(29.7)** | **1,057.9** |

At December 31, 2021

| | THE COMPANY | | |
|---|---|---|---|
| | At January 1, 2021 | Cash flows | At December 31, 2021 |
| | MUR'M | MUR'M | MUR'M |
| Borrowings | 990.3 | 97.3 | 1,087.6 |

## 33. Notes to Statement of Cash Flows (Cont'd)

### (b) Cash and cash equivalents

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Cash in hand and at bank | **705.5** | 505.8 | **35.5** | 35.2 |
| Bank overdrafts (note 20) | **(21.6)** | (33.4) | **-** | - |
| | **683.9** | 472.4 | **35.5** | 35.2 |

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.

No impairment on cash at bank was recognised during 2022 and 2021 since the amount was deemed insignificant.

### (c) Non-cash transactions

For the year ended December 31, 2022 there were no material non-cash transactions (2021: Nil).

## 34. Discontinued Operations

The Board has resolved to dispose of Rehm Grinaker Construction Co Ltd and negotiations with interested parties are in progress. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other core businesses. These operations, which are expected to be sold within the next 12 months, have been classified as a disposal group held for sale and as a discontinued operation.

The results of Rehm Grinaker Construction Co Ltd which have been included in the profit for the year were as follows:

| | **2022** |
|---|---|
| | **MUR'M** |
| Revenue | **1,616.1** |
| Expenses | **(1,563.7)** |
| Other income | **5.4** |
| Net finance costs | **(4.2)** |
| Profit before tax from discontinued operations | **53.6** |
| Tax credit | **2.9** |
| **Profit for the year from discontinued operations** | **56.5** |

## 35. Business Combination

### (a) Acquisition of subsidiary - 2021

#### (i) *Additional investment in Rehm Grinaker Construction Co Ltd*

At December 31, 2020, the Group held 35.5% of the share capital of Rehm Grinaker Construction Co Ltd. The investment held was classified as investment in associate as the Group did not have control over Rehm Grinaker Construction Co Ltd.

During the year 2021, the Group acquired an additional equity stake of 26.8% in Rehm Grinaker Construction Co Ltd for a consideration of MUR'M 18.7 and obtained control in the entity in relation to IFRS 10 : Consolidated Financial Statements. On July 20, 2021, the Group has derecognised Rehm Grinaker Construction Co Ltd from investment in associate to recognise it as investment in subsidiary.

#### (ii) *Gain on remeasurement of previously held equity interest*

This transaction has resulted in the recognition of a profit in the statement of profit or loss as follows:

| | **MUR'M** |
|---|---|
| Fair value of previously held equity interest | 24.9 |
| Less: carrying value of equity interest held before the business combination | - |
| **Gain on remeasurement of associate to subsidiary** | 24.9 |

#### (iii) *Consideration transferred*

The following table summarises the consideration paid for Rehm Grinaker Construction Co Ltd and the fair value of the identifiable amounts of the assets acquired and liabilities assumed at acquisition date:

| | **MUR'M** |
|---|---|
| Cash | 18.7 |
| Fair value of equity interest held before the business combination | 24.9 |
| Total consideration | 43.6 |
| Fair value of net assets acquired | (43.6) |
| **Gain on bargain purchase** | - |

#### (iv) *Net effect of business combination*

| | **MUR'M** |
|---|---|
| Gain on remeasurement of associate to subsidiary | 24.9 |
| Gain on bargain purchase | - |
| **Total gain recognised in the statement of profit or loss** | 24.9 |

## 35. Business Combination (Cont'd)

### (a) Acquisition of subsidiary - 2021 (Cont'd)

(v) *Assets acquired and liabilities recognised at the date of acquisition*

| | MUR'M |
|---|---|
| **Assets** | |
| Property, plant and equipment | 159.9 |
| Right of use assets | 17.7 |
| Deferred tax assets | 36.4 |
| Cash and cash equivalents | 180.0 |
| Current assets | 561.4 |
| | |
| **Liabilities** | |
| Borrowings | (38.8) |
| Retirement benefit obligations | (73.7) |
| Current liabilities | (772.9) |
| Fair value of identifiable net assets acquired | 70.0 |
| Less: non-controlling interests | (26.4) |
| **Share of fair value of identifiable net assets acquired** | 43.6 |

(vi) *Net cash inflow on acquisition of subsidiary*

| | MUR'M |
|---|---|
| Consideration paid in cash | 18.7 |
| Less: cash and cash equivalent balances acquired | (180.0) |
| | (161.3) |

# 36. Investment in Subsidiaries

(a) The financial statements of the following subsidiaries have been included in the consolidated financial statements.

| | Type of shares held | Stated capital | 2022 % holding | 2022 % held by other group companies | 2022 % held by non-controlling interests | 2021 % holding | 2021 % held by other group companies | 2021 % held by non-controlling interests | Principal activity |
|---|---|---|---|---|---|---|---|---|---|
| | | 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 | - | 100.00 | - | - | 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 |
| 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 |
| 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 | 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 | - | 66.75 | 33.25 | - | 66.75 | 33.25 | 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 Office Park Ltd | Ordinary | 407,470,000 | - | 100.00 | - | - | 100.00 | - | Commercial |
| Beau Plan Retail Park Ltd | Ordinary | 442,300,000 | - | 100.00 | - | - | 100.00 | - | Commercial |
| Providence Warehouse Ltd | Ordinary | 10,000 | - | 50.00 | 50.00 | - | 50.00 | 50.00 | Commercial |
| Beau Plan Development Ltd | Ordinary | 1,601,000,000 | - | 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 |
| Belle Vue Rum Ltd | Ordinary | 2,000,000 | - | 100.00 | - | - | 100.00 | - | Freeport operations |
| BS Fragrance (Mauritius) Ltd | Ordinary | 100,000 | - | 100.00 | - | - | 100.00 | - | Sale of perfumes |
| Beau Plan Sports & Leisure Ltd | Ordinary | 1 | - | 100.00 | - | - | - | - | Commercial |
| Forbach Investment Ltd | Ordinary | 433,500,000 | - | 100.00 | - | - | - | - | Property management |
| Rehm Grinaker Construction Company Limited** | Ordinary | 85,000,000 | 62.26 | - | - | 62.26 | - | - | Construction |
| VIVA SC Management Ltd | Ordinary | 1 | - | 100.00 | - | - | - | - | Property management |

* During the year, Terra Brands acquired the minority stake in Grays Distilling Ltd.
**Investment in Rehm Grinaker Construction Co Ltd has been reclassified to non-current asset held for sale (note 17).

## 36. Investment in Subsidiaries (Cont'd)

(i) The above subsidiaries are incorporated and operate in Mauritius except for the following:

(i) Ivoirel Limitée, whose country of operation is Côte d'Ivoire;

(ii) Providence Warehouse Ltd, whose country of operations is Seychelles.

(ii) For December 31, 2022 and 2021, 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.

(iii) Subsidiaries with non-coterminous year end have been accounted based on management accounts as at December 31, 2020. Rehm Grinaker Construction Co. Limited has a June 30 year end since its acquisition in 2021.

### (b) Subsidiaries with material non-controlling interests

Details for subsidiaries that have non-controlling interests that are material to the Company:

| | **Profit/(loss) allocated to non-controlling interests during the year** | **Accumulated non-controlling interests at December 31,** |
|---|---|---|
| | **MUR'M** | **MUR'M** |
| **2022** | | |
| Terragen Ltd | **(24.1)** | **259.8** |
| Terra Milling Ltd | **53.9** | **170.8** |
| Grays Inc. Ltd | **21.5** | **84.2** |
| 2021 | | |
| Terragen Ltd | (191.9) | 731.8 |
| Terra Milling Ltd | 10.1 | 121.8 |
| Grays Inc. Ltd | 16.3 | 94.5 |

### (c) Summarised financial information on subsidiaries with material non-controlling interests

(i) Summarised statement of financial position of Terragen Ltd:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Non-current assets | **770.2** | 701.7 |
| Current assets | **426.5** | 832.5 |
| Non-current liabilities | **(79.4)** | (168.6) |
| Current liabilities | **(65.6)** | (408.1) |
| **Total equity** | **1,051.7** | 957.5 |

# 36. Investment in Subsidiaries (Cont'd)

## (c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of profit or loss and other comprehensive income of Terragen Ltd:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Revenue | **1,151.8** | 1,835.1 |
| Expenses | **(1,217.8)** | (2,196.5) |
| Other income | **25.0** | 3.8 |
| Net finance costs | **(12.2)** | (8.6) |
| Loss before tax | **(53.2)** | (366.2) |
| Taxation | **4.0** | (25.4) |
| Loss for the year | **(49.2)** | (391.6) |
| Other comprehensive income | **43.6** | - |
| Total comprehensive income | **(5.6)** | 144.3 |

| Summarised cash flow information of Terragen Ltd: | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Net cash (outflow)/inflow from operating activities | **(87.2)** | 170.8 |
| Net cash outflow from investing activities | **(21.4)** | (49.1) |
| Net cash outflow from financing activities | **-** | - |
| Net cash (outflow)/inflow | **(108.6)** | 121.7 |

The summarised financial information above is the amount before intra-group eliminations.

(ii) Summarised statement of financial position of Terra Milling Ltd:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Non-current assets | **897.2** | 877.4 |
| Current assets | **484.8** | 398.5 |
| Non-current liabilities | **(173.6)** | (224.7) |
| Current liabilities | **(318.5)** | (428.7) |
| **Total equity** | **889.9** | 622.5 |

# Notes to the Consolidated and Separate Financial Statements
Year ended December 31, 2022 (Cont'd)

## 36. Investment in Subsidiaries (Cont'd)

### (c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of profit or loss and other comprehensive income of Terra Milling Ltd:

| | 2022 | 2021 |
|---|---|---|
| | MUR'M | MUR'M |
| Revenue | 850.4 | 590.8 |
| Expenses | (615.6) | (526.9) |
| Other income | 34.3 | 13.3 |
| Finance costs | (2.8) | (24.1) |
| Profit before tax | 266.3 | 53.1 |
| Taxation | 3.6 | (2.7) |
| Profit for the year | 269.9 | 50.4 |
| Other comprehensive income | 61.5 | 30.5 |
| Total comprehensive income | 331.4 | 80.9 |

Summarised cash flow information of Terra Milling Ltd:

| | 2022 | 2021 |
|---|---|---|
| | MUR'M | MUR'M |
| Net cash inflow from operating activities | 272.7 | 26.0 |
| Net cash outflow from investing activities | (76.5) | (54.3) |
| Net cash outflow from financing activities | (161.7) | (63.2) |
| Net cash inflow/(outflow) | 34.5 | (91.5) |

The summarised financial information above is the amount before intra-group eliminations.

(iii) Summarised statement of financial position of Grays Inc Ltd:

| | 2022 | 2021 |
|---|---|---|
| | MUR'M | MUR'M |
| Non-current assets | 379.8 | 333.8 |
| Current assets | 1,405.3 | 996.9 |
| Non-current liabilities | (228.2) | (211.1) |
| Current liabilities | (1,169.7) | (754.3) |
| **Total equity** | 387.2 | 365.3 |

# 36. Investment in Subsidiaries (Cont'd)

## (c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of profit or loss and other comprehensive income of Grays Inc Ltd:

| | 2022 | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Revenue | **1,989.5** | 1,718.9 |
| Expenses | **(1,897.3)** | (1,642.5) |
| Other income | **27.5** | 17.4 |
| Finance costs | **(27.9)** | (20.7) |
| Profit before tax | **91.8** | 73.1 |
| Taxation | **(9.0)** | (10.3) |
| Profit for the year | **82.8** | 62.8 |
| Other comprehensive income | **(25.8)** | 21.7 |
| Total comprehensive income | **57.1** | 84.5 |

| Summarised cash flow information of Grays Inc Ltd: | 2022 | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Net cash (outflow)/inflow from operating activities | **(238.0)** | 88.0 |
| Net cash outflow from investing activities | **(68.6)** | (25.1) |
| Net cash inflow/(outflow) from financing activities | **329.7** | (71.5) |
| Net cash outflow | **(8.6)** | (8.6) |

The summarised financial information above is the amount before intra-group eliminations.

## 37. Investment in Associates

(a) Summarised financial information and details of each of the material associates is set out below:

| | Current assets | | Non-current assets | | Current liabilities | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| AMCO Solutions Limited | **10.0** | 17.9 | **1.5** | 2.4 | **0.8** | 8.6 |
| Anytime Investment Ltd | **0.1** | - | **113.9** | 100.5 | **-** | - |
| Coal Terminal (Management) Co Ltd | **30.8** | 55.3 | **56.6** | 61.2 | **27.0** | 50.9 |
| Horus Ltée | **2.1** | 1.0 | **261.5** | 261.5 | **2.3** | 2.3 |
| Swan General Ltd | **11,162.4** | 9,146.8 | **50,986.5** | 54,170.6 | **1,396.9** | 1,430.0 |
| New Fabulous Investment Ltd | **0.1** | - | **113.9** | 100.5 | **-** | - |
| New Goodwill Co. Ltd | **514.7** | 568.9 | **246.8** | 34.9 | **328.5** | 210.9 |
| Topterra Ltd | **38.3** | 25.0 | **61.0** | 59.3 | **68.4** | 53.0 |
| Sucrivoire S.A | **3,657.0** | 3,783.6 | **5,629.0** | 4,539.4 | **4,117.3** | 3,056.0 |
| Aquasantec International Limited | **315.8** | 295.8 | **473.9** | 450.8 | **331.3** | 234.5 |
| Thermal Valorisation Co Ltd | **51.7** | 25.2 | **729.0** | 783.0 | **57.5** | 92.7 |
| United Docks Ltd | **402.0** | 280.2 | **4,037.0** | 2,916.6 | **52.8** | 27.3 |
| Distillerie de Bois Rouge Ltd | **2.7** | 2.8 | **-** | - | **7.3** | 7.1 |
| Grays Uganda Ltd | **6.5** | 6.5 | **5.3** | 5.3 | **8.4** | 8.4 |
| Inside Capital Partners Ltd | **15.6** | 13.3 | **3.2** | 2.1 | **2.8** | 3.5 |
| Payment Express Ltd | **25.4** | 24.6 | **219.1** | 217.6 | **216.9** | 187.0 |
| Beau Plan Campus Ltd | **40.0** | 69.5 | **632.3** | 636.7 | **64.4** | 61.4 |
| The Greencoast International Primary School Limited | **14.8** | 4.0 | **5.3** | 3.3 | **21.2** | 5.8 |

| Non-current liabilities | | Revenues | | Dividend received | | Profit/(loss) | |
|---|---|---|---|---|---|---|---|
| **2022** | 2021 | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| **MUR'M** | MUR'M | **MUR'M** | MUR'M | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| **-** | 0.9 | **5.5** | 20.1 | **50.0** | 16.0 | **51.9** | 9.3 |
| **-** | - | **-** | - | **-** | - | **-** | - |
| **52.3** | 58.8 | **184.9** | 201.9 | **-** | - | **1.4** | 3.2 |
| **-** | - | **1.2** | - | **-** | - | **(0.1)** | (0.1) |
| **55,179.1** | 56,356.5 | **8,479.8** | 7,500.3 | **125.1** | 119.2 | **764.9** | 692.5 |
| **-** | - | **-** | - | **-** | - | **-** | - |
| **73.2** | 74.5 | **2,004.4** | 1,829.6 | **96.5** | 89.7 | **136.5** | 144.6 |
| **6.5** | 6.9 | **38.2** | 14.2 | **-** | - | **-** | - |
| **5,168.8** | 5,267.1 | **4,856.6** | 4,643.8 | **-** | - | **(494.7)** | (509.7) |
| **174.6** | 195.8 | **807.9** | 714.9 | **-** | - | **(78.9)** | 32.4 |
| **239.6** | 298.6 | **243.7** | 136.5 | **-** | - | **66.8** | (23.5) |
| **1,502.5** | 754.2 | **82.2** | 58.3 | **6.7** | 5.1 | **474.7** | 28.1 |
| **3.6** | 3.6 | **-** | - | **-** | - | **-** | - |
| **-** | - | **-** | - | **-** | - | **-** | - |
| **1.9** | - | **29.6** | 33.5 | **-** | - | **2.4** | (0.6) |
| **7.5** | 37.7 | **145.8** | 143.2 | **-** | - | **-** | - |
| **153.3** | 226.3 | **64.0** | 58.3 | **-** | - | **30.9** | 26.5 |
| **10.4** | 9.4 | **31.3** | 22.4 | **-** | - | **(3.6)** | 1.6 |

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 37. Investment in 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** | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M | | |
| AMCO Solutions Limited | **-** | - | **51.9** | 9.3 | **41.9** | 41.9 |
| Anytime Investment Ltd | **-** | - | **-** | - | **24.5** | 24.5 |
| Coal Terminal (Management) Co Ltd | **-** | - | **1.4** | 3.2 | **15.4** | 15.4 |
| Horus Ltée | **-** | - | **(0.1)** | (0.1) | **50.0** | 50.0 |
| Swan General Ltd | **(704.4)** | 593.7 | **60.5** | 593.7 | **34.6** | 34.6 |
| New Fabulous Investment Ltd | **-** | - | **-** | - | **24.5** | 24.5 |
| New Goodwill Co. Ltd | **-** | - | **136.5** | 144.6 | **33.3** | 33.3 |
| Topterra Ltd | **-** | - | **-** | - | **50.0** | 33.3 |
| Sucrivoire S.A | **11.2** | (28.8) | **(483.5)** | (538.5) | **25.5** | 25.5 |
| Aquasantec International Limited | **(7.5)** | (14.6) | **(86.4)** | 17.8 | **26.7** | 26.7 |
| Thermal Valorisation Co Ltd | **-** | - | **66.8** | (23.5) | **17.9** | 17.9 |
| United Docks Ltd | **0.4** | 20.6 | **475.1** | 48.7 | **21.5** | 21.5 |
| Distillerie de Bois Rouge Ltd | **-** | - | **-** | - | **33.3** | 33.3 |
| Grays Uganda Ltd | **-** | - | **-** | - | **22.2** | 22.2 |
| Inside Capital Partners Ltd | **-** | - | **2.4** | (0.6) | **36.8** | 36.8 |
| Payment Express Ltd | **-** | - | **-** | - | **27.8** | 27.8 |
| Beau Plan Campus Ltd | **-** | - | **30.9** | 26.5 | **40.0** | 40.0 |
| The Greencoast International Primary School Limited | **-** | - | **(3.6)** | 1.6 | **20.0** | 20.0 |

(i) Associates with non-coterminous year end have been equity accounted based on management accounts at December 31, 2022.

| Financial period ended | Country of incorporation | Principle place of business | Nature of business |
|---|---|---|---|
| June 30, | Mauritius | Mauritius | Strategic procurement |
| June 30, | Mauritius | Mauritius | Investment holding |
| December 31, | Mauritius | Mauritius | Procurement and logistics of coal |
| June 30, | Mauritius | Mauritius | Investment holding |
| December 31, | Mauritius | Mauritius | Insurance |
| June 30, | Mauritius | Mauritius | Investment holding |
| June 30, | Mauritius | Mauritius | Rum bottling and distribution |
| June 30, | Mauritius | Mauritius | Production and distribution of liquid fertiliser |
| December 31, | Côte d'Ivoire | Côte d'Ivoire | Sugar production |
| December 31, | Mauritius | Mauritius | Management company |
| December 31, | Mauritius | Mauritius | Energy |
| June 30, | Mauritius | Mauritius | Real estate |
| July 31, | Mauritius | Mauritius | Dormant |
| December 31, | Uganda | Uganda | Dormant |
| December 31, | Mauritius | Mauritius | Fund management |
| June 30, | Mauritius | Mauritius | Payment service provider |
| December 31, | Mauritius | Mauritius | Real estate |
| December 31, | Mauritius | Mauritius | Education |

## 37. Investment in Associates (Cont'd)

(b) For December 31, 2022 and 2021, the Group accounts for its investments in Coal Terminal (Management) Co Ltd as associate 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 the associate company.

For December 31, 2022 and 2021, the Group accounts for its investments in Horus Ltée as associate although the Group holds 50% of the issued share capital as the Group does not have control over the investment due to the lack of representation at board level and there is no agreement with the investee stating otherwise.

(c) **Reconciliation of summarised financial information**

Reconciliation of summarised financial information to the carrying amount recognised in the financial statements in respect of material associates is set out below:

| | **Carrying amount** | | | | | | |
|---|---|---|---|---|---|---|---|
| **December 31, 2022** | **Opening balance** | **Transfer to NCAHFS** | **Share of profit/ (loss) for the year** | **Dividends** | **Share of OCI for the year** | **Translation reserves** | **Closing balance** |
| | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** | **MUR'M** |
| **Investment in associates** | | | | | | | |
| AMCO Solutions Limited | **4.6** | **-** | **21.7** | **(20.9)** | **(0.8)** | **-** | **4.6** |
| Horus Ltée | **220.4** | **-** | **43.5** | **(0.6)** | **-** | **-** | **263.3** |
| Swan General Ltd | **1,782.5** | **-** | **262.8** | **(43.2)** | **(243.2)** | **-** | **1,758.9** |
| New Goodwill Co. Ltd | **106.1** | **-** | **45.5** | **(32.2)** | **0.5** | **-** | **119.9** |
| Sucrivoire S.A | **713.2** | **-** | **(126.1)** | **-** | **4.9** | **(34.1)** | **557.9** |
| Aquasantec International Limited | **84.4** | **(75.7)** | **(21.0)** | **-** | **11.3** | **1.0** | **-** |
| Thermal Valorisation Co Ltd | **145.9** | **-** | **23.4** | **-** | **-** | **-** | **169.3** |
| Inside Capital Partners Ltd | **4.4** | **-** | **0.9** | **-** | **(0.2)** | **-** | **5.1** |
| United Docks Ltd | **296.9** | **-** | **58.3** | **(0.9)** | **0.1** | **-** | **354.4** |
| Beau Plan Campus Ltd | **167.3** | **-** | **12.3** | **-** | **-** | **2.2** | **181.8** |
| | **3,525.7** | **(75.7)** | **321.3** | **(97.8)** | **(227.4)** | **(30.9)** | **3,415.2** |

| | Carrying amount | | | | | | |
|---|---|---|---|---|---|---|---|
| December 31, 2021 | Opening balance | Additions | Share of profit/ (loss) for the year | Dividends | Share of OCI for the year | Translation reserves | Closing balance |
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **Investment in associates** | | | | | | | |
| AMCO Solutions Limited | 6.0 | - | 3.9 | (6.7) | 1.4 | - | 4.6 |
| Horus Ltée | 187.3 | 29.0 | 3.1 | (0.5) | 1.5 | - | 220.4 |
| Swan General Ltd | 1,349.6 | 10.9 | 254.0 | (41.2) | 209.2 | - | 1,782.5 |
| New Goodwill Co. Ltd | 87.6 | - | 48.2 | (29.9) | 0.2 | - | 106.1 |
| Sucrivoire S.A | 861.4 | - | (130.0) | - | (26.1) | 7.9 | 713.2 |
| Aquasantec International Limited | 57.1 | - | 8.7 | - | 18.3 | 0.3 | 84.4 |
| Thermal Valorisation Co Ltd | 134.7 | 19.4 | (8.2) | - | - | - | 145.9 |
| Inside Capital Partners Ltd | 1.2 | - | (0.2) | - | 3.0 | 0.4 | 4.4 |
| United Docks Ltd | 124.7 | 71.6 | 99.2 | (0.6) | 2.0 | - | 296.9 |
| Beau Plan Campus Ltd | 144.5 | - | 10.6 | - | (1.6) | 13.8 | 167.3 |
| | 2,954.1 | 130.9 | 289.3 | (78.9) | 207.9 | 22.4 | 3,525.7 |

## 37. Investment in Associates (Cont'd)

(d) Information presented in aggregate for the associates that are not individually significant:

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| Carrying amount of interests | **(0.9)** | (0.6) |
| Group's share of profit | **(0.3)** | 1.2 |
| Group's share of other comprehensive income | **-** | (2.7) |
| Group's share of total comprehensive income | **(0.1)** | (2.7) |

(e) The following associates are listed on a primary market and therefore a quoted price is available for the shares.

| | **2022** | 2021 |
|---|---|---|
| | **MUR'M** | MUR'M |
| *Fair value of investments* | | |
| Swan General Ltd | **1,393.7** | 1,368.5 |
| United Docks Ltd | **198.8** | 224.1 |

## 38. Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

| | **THE GROUP** | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| Property, plant and equipment | **102.4** | 99.7 |
| Investment properties | **203.5** | 528.5 |
| Inventory work in progress | **230.1** | 198.0 |
| | **536.0** | 826.2 |

## 39. 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.

## 40. 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.

(i) **THE GROUP**

| | Purchases of services | Sales of services and others | Amount receivable | Amount payable | Borrowings | Interest expense | Dividend income |
|---|---|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **2022** | | | | | | | |
| Associates | **17.4** | **51.7** | **5.3** | **-** | **-** | **-** | **97.8** |
| Enterprises with common Directors | **117.8** | **-** | **-** | **12.2** | **2,650.0** | **102.2** | **-** |
| | **135.2** | **51.7** | **5.3** | **12.2** | **2,650.0** | **102.2** | **97.8** |
| 2021 | | | | | | | |
| Associates | 10.5 | 53.1 | 12.1 | - | - | - | 78.9 |
| Enterprises with common Directors | 134.1 | - | - | 22.1 | 2,479.0 | 75.1 | - |
| | 144.6 | 53.1 | 12.1 | 22.1 | 2,479.0 | 75.1 | 78.9 |

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 48.0 (2021: MUR'M 58.5).

Details of impairment of associates are disclosed in note 9(a)(ii).

Dividends paid to non-controlling interests amounting to MUR'M 24.3 (2021: MUR'M 26.3) are disclosed in the Group statement of cash flows.

(ii) **THE COMPANY**

| | Sales of services and others | Amount receivable | Amount payable | Borrowings | Interest expense | Dividend income |
|---|---|---|---|---|---|---|
| | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| **2022** | | | | | | |
| Associates | **-** | **3.4** | **-** | **-** | **-** | **24.2** |
| Subsidiaries | **295.0** | **45.0** | **3.6** | **1,057.9** | **42.1** | **321.1** |
| | **295.0** | **48.4** | **3.6** | **1,057.9** | **42.1** | **345.3** |
| 2021 | | | | | | |
| Associates | - | 1.0 | - | - | - | 10.9 |
| Subsidiaries | - | 40.2 | 1.1 | 1,087.6 | 37.1 | 199.1 |
| | - | 41.2 | 1.1 | 1,087.6 | 37.1 | 210.0 |

## 40. Related Party Transactions (Cont'd)

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.

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.

Refer to note 20 for terms and conditions of borrowings and note 11 for amounts receivables.

Letter of comfort given to a wholly owned subsidiary is disclosed in note 41(c).

Dividends paid to shareholders amounting to MUR'M 227.5 (2021: 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 Company 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 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **MUR'M** | MUR'M | **MUR'M** | MUR'M |
| Salaries and short-term employee benefits | **159.0** | 131.0 | **-** | - |
| Post employment benefits | **9.3** | 6.4 | **-** | - |
| Other benefits | **1.9** | - | **-** | - |
| | **170.2** | 137.4 | **-** | - |

## 41. Contingent Liabilities

### (a) Cases in Dispute

#### (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.

## 41. Contingent Liabilities (Cont'd)

### (a) Cases in Dispute (Cont'd)

#### (iii) *Irrigation Authority*

There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to December 31, 2022 amounting to MUR'M 66.9. 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) *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.

#### (v) *Breach of contract*

A client of Rehm Grinaker Construction Co Ltd is claiming MUR'M 33.0 from it for alleged breach of contract, which is resisted. The case is ongoing.

#### (vi) *Work accident*

The heirs of 2 ex-employees of Terra Milling Ltd, who were victims of work accident, have claimed damages amounting to MUR'M 6.1 and MUR'M 7.8 respectively from their former employer. The cases are ongoing. The exposure is mitigated under the employer liability insurance cover of the Terra Milling Ltd.

#### (vii) *Dismissal*

A former employee has claimed MUR'M 30.0 from Rehm Grinaker Construction Co Ltd for unjustified dismissal, which is resisted. The case is ongoing.

### (b) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR'M 403.8 as at December 31, 2022 (2021: MUR'M 524.0).

### (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 banking facilities availed by its wholly owned subsidiary, Terra Finance Ltd.

As at December 31, 2022, the total comfort provided in respect of the short-term banking facilities amounted to MUR 4.4 billion (2021: MUR 3.4 billion) out of which total utilisation amounted to MUR 1.2 billion (2021: MUR 1.0 billion).

TERRA Mauricia Ltd has provided financial support to its subsidiary, Terragen Ltd, to a maximum amount of MUR 43.5 M for the period to December 31, 2024, so as to allow the subsidiary to continue operating in the foreseeable future and to meet its obligations.

TERRA Mauricia will also suppport the subsidiary up to MUR 88 M in the event that a contingent liability in favour of the offtaker falls due.

## 41. Contingent Liabilities (Cont'd)

(d) Outstanding bank guarantees

Guarantees to third parties given by Rehm Grinaker Construction Co Ltd bankers' at December 31, 2022 amounted to MUR'M 504.2 (2021: MUR'M 482.7) in respect of on-going contracts and tenders in normal course of business. These guarantees are secured by way of floating charges over the assets of Rehm Grinaker Construction Co Ltd.

## 42. Impact of Russia-Ukraine conflict

The geopolitical situation in Eastern Europe intensified on February 24, 2022 with Russia's invasion of Ukraine. This ongoing military conflict has led to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activities in Ukraine. For companies having operations in Russia, Ukraine, or neighbouring countries or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and worsening ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

## 43. Events after the reporting period

Since the outbreak of war in Ukraine, coal prices reached record high levels in 2022. In the circumstances, Terragen declared a Force Majeure Event in 2022 under the Power Purchase Agreement with the Central Electricity Board and the parties are currently engaged in a mediation process.

Terragen Ltd operated on bagasse only during the harvest season, and remained closed during the intercrop season.

Furthermore, it is noteworthy to record the downward movement in the prices of coal over the first quarter of 2023 as opposed to the prices seen in 2022.

Apart from the above there has been no event after reporting period which requires disclosure in these financial statements.

## 44. Segment Information

Reportable segments are disclosed in note 25(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
Year ended December 31, 2022 (Cont'd)

## 44. Segment Information (Cont'd)

### (a) Information about reportable segments

| THE GROUP<br>Year ended December 31, 2022 | Cane<br>MUR'M | Power<br>MUR'M | Brands<br>MUR'M | Property and Leisure<br>MUR'M | Others<br>MUR'M | Group interests<br>MUR'M | Total<br>MUR'M |
|---|---|---|---|---|---|---|---|
| Total segment revenues | 1,602.3 | 1,151.8 | 2,752.5 | 1,132.2 | 414.1 | - | 7,052.9 |
| Intersegment sales | (15.2) | (54.0) | (96.0) | (100.0) | (182.3) | - | (447.5) |
| Revenues from external customers | 1,587.1 | 1,097.8 | 2,656.5 | 1,032.2 | 231.8 | - | 6,605.4 |
| Segment profit/(loss) | 507.1 | (64.8) | 195.8 | 318.6 | 124.9 | (178.4) | 903.2 |
| Fair value loss on non-current assets classified as held for sale | - | - | - | - | (94.8) | - | (94.8) |
| Impairment losses on financial assets | (46.1) | - | (2.4) | 1.0 | (0.5) | - | (48.0) |
| Impairment losses on non-financial assets | - | - | - | (0.7) | - | - | (0.7) |
| Reversal of Impairment losses on financial assets | - | - | 6.4 | 3.8 | 1.1 | - | 11.3 |
| Reversal of Impairment losses on non-financial assets | 12.0 | - | - | - | - | - | 12.0 |
| Net finance (costs)/income | (18.2) | (12.2) | (29.6) | (38.4) | (235.0) | 178.4 | (155.0) |
| Profit/(loss) after finance costs | 454.8 | (77.0) | 170.2 | 284.3 | (204.3) | - | 628.0 |
| Share of results of associates | (126.1) | 23.4 | 45.5 | 11.6 | 366.6 | - | 321.0 |
| Profit/(loss) before taxation | 328.7 | (53.6) | 215.7 | 295.9 | 162.3 | - | 949.0 |
| Taxation | 0.3 | 110.0 | (15.8) | (3.3) | (47.2) | - | 44.0 |
| Profit from continuing operations | 329.0 | 56.4 | 199.9 | 292.6 | 115.1 | - | 993.0 |
| Profit from discontinued operations | | | | | | | 56.5 |
| Profit for the year | | | | | | | 1,049.5 |
| Non-controlling interests | | | | | | | (156.3) |
| Profit attributable to equity holders of the Company | | | | | | | 893.2 |

# 44. Segment Information (Cont'd)

## (a) Information about reportable segments (Cont'd)

| THE GROUP | Cane | Power | Brands | Property and Leisure | Others | Group interests | Total |
|---|---|---|---|---|---|---|---|
| Year ended December 31, 2021 | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| Total segment revenues | 1,232.8 | 1,842.9 | 2,257.2 | 610.3 | 631.0 | - | 6,574.2 |
| Intersegment sales | (6.2) | (31.0) | (74.4) | (92.2) | (146.6) | - | (350.4) |
| Revenues from external customers | 1,226.6 | 1,811.9 | 2,182.8 | 518.1 | 484.4 | - | 6,223.8 |
| Segment profit/(loss) | 274.3 | 194.8 | 126.1 | 99.2 | 63.9 | (134.9) | 623.4 |
| Fair value loss on non-current assets classified as held for sale | - | - | - | - | 77.0 | - | 77.0 |
| Impairment of non-financial assets | - | (535.9) | - | (0.4) | - | - | (536.3) |
| Net finance (costs)/income | (37.7) | (8.6) | (18.4) | (16.5) | (202.9) | 134.9 | (149.2) |
| Profit/(loss) after finance costs | 236.6 | (349.7) | 107.7 | 82.3 | (62.0) | - | 14.9 |
| Share of results of associates | (130.0) | (8.2) | 48.2 | 10.9 | 369.6 | - | 290.5 |
| Gain on remeasurement of associate | - | - | - | - | 24.9 | - | 24.9 |
| Profit on disposal of associate | - | - | - | - | 39.8 | - | 39.8 |
| Impairment of associates | - | - | - | - | (3.0) | - | (3.0) |
| Profit/(loss) before taxation | 106.6 | (357.9) | 155.9 | 93.2 | 369.3 | - | 367.1 |
| Taxation | (1.3) | (26.5) | (19.4) | (0.9) | (2.3) | - | (50.4) |
| Profit/(loss) after taxation | 105.3 | (384.4) | 136.5 | 92.3 | 367.0 | - | 316.7 |
| Non-controlling interests | | | | | | | 145.6 |
| Profit attributable to equity holders of the Company | | | | | | | 462.3 |

## (b) Other material items

| THE GROUP | Cane | Power | Brands | Property and Leisure | Others | Total |
|---|---|---|---|---|---|---|
| Year ended December 31, 2022 | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M | MUR'M |
| Finance income | **18.5** | **-** | **4.8** | **4.1** | **4.6** | **32.0** |
| Finance costs | **(36.7)** | **(12.2)** | **(34.3)** | **(42.5)** | **(61.3)** | **(187.0)** |
| Cost of sales | **(1,100.2)** | **(1,053.6)** | **(1,937.2)** | **(471.4)** | **(148.5)** | **(4,710.9)** |
| Segment assets | **9,462.6** | **1,010.8** | **2,385.2** | **5,821.0** | **595.1** | **19,274.7** |
| Associates | **558.0** | **169.3** | **118.9** | **179.6** | **2,466.3** | **3,492.1** |
| Other assets | **3.1** | **10.3** | **27.2** | **0.7** | **2,243.3** | **2,284.6** |
| Segment liabilities | **561.5** | **52.7** | **797.8** | **568.0** | **169.7** | **2,149.8** |
| Borrowings | **621.9** | **-** | **888.7** | **985.8** | **2,146.4** | **4,642.9** |
| Other liabilities | **29.3** | **67.0** | **37.3** | **2.2** | **1,069.1** | **1,204.9** |
| Capital expenditure | **208.7** | **21.4** | **118.7** | **765.1** | **33.3** | **1,147.2** |
| Depreciation and amortisation | **(158.8)** | **(23.8)** | **(74.4)** | **(67.6)** | **(49.9)** | **(374.5)** |
| Other material non-cash items: | | | | | | |
| - Impairment losses on financial assets | **(46.1)** | **-** | **(2.4)** | **1.0** | **(0.5)** | **(48.0)** |
| - Impairment losses on non-financial assets | **-** | **-** | **-** | **(0.7)** | **-** | **(0.7)** |
| - Reversal of Impairment losses on financial assets | **-** | **-** | **6.4** | **3.8** | **1.1** | **11.3** |
| - Reversal of Impairment losses on non-financial assets | **12.0** | **-** | **-** | **-** | **-** | **12.0** |

# Notes to the Consolidated and Separate Financial Statements

Year ended December 31, 2022 (Cont'd)

## 44. Segment Information (Cont'd)

### (b) Other material items (Cont'd)

| THE GROUP<br>Year ended December 31, 2021 | Cane<br>MUR'M | Power<br>MUR'M | Brands<br>MUR'M | Property and Leisure<br>MUR'M | Others<br>MUR'M | Total<br>MUR'M |
|---|---|---|---|---|---|---|
| Finance income | - | - | 3.2 | 3.9 | 2.9 | 10.0 |
| Finance costs | (7.3) | (7.5) | (19.8) | (0.5) | (124.1) | (159.2) |
| Cost of sales | (941.9) | (1,517.0) | (1,597.3) | (313.4) | (410.5) | (4,780.1) |
| Segment assets | 7,414.4 | 1,307.0 | 1,847.1 | 5,487.1 | 568.3 | 16,623.9 |
| Associates | 713.2 | 145.9 | 105.1 | 271.7 | 2,421.1 | 3,657.0 |
| Other assets | 12.0 | 7.9 | 20.6 | 3.8 | 1,958.1 | 2,002.4 |
| Segment liabilities | 573.3 | 391.0 | 654.8 | 394.6 | 109.8 | 2,123.5 |
| Borrowings | 738.9 | 0.2 | 477.0 | 746.9 | 2,173.2 | 4,136.2 |
| Other liabilities | 29.6 | 168.6 | 29.2 | 0.7 | 796.0 | 1,024.1 |
| Capital expenditure | 144.1 | 31.1 | 67.5 | 396.0 | 7.1 | 645.8 |
| Depreciation and amortisation | (159.6) | (68.5) | (69.7) | (57.1) | (47.0) | (401.9) |
| Other material non-cash items: | | | | | | |
| - Impairment losses on financial assets | (58.8) | - | (7.0) | (2.0) | 8.3 | (59.5) |
| - Reversal of impairment loss on financial assets | 60.4 | - | - | - | - | 60.4 |
| - Impairment losses on non-financial assets | - | (535.9) | - | (0.4) | - | (536.3) |

## 45. Assets and Liabilities Related to Contracts with Customers

### (i) Contract assets included in non-current assets classified as held for sale

| | THE GROUP 2022<br>MUR'M | THE GROUP 2021<br>MUR'M |
|---|---|---|
| **At January 1** | **141.2** | - |
| At date of acquisition | **-** | 222.3 |
| Transfers from contract assets to trade receivables | **-** | (264.8) |
| Excess of revenue recognised over cash | **141.7** | 183.7 |
| **At December 31 (note 17)** | **282.9** | 141.2 |

### (ii) Contract liabilities included liabilities directly associated with non-current assets classified as held for sale

| | THE GROUP 2022<br>MUR'M | THE GROUP 2021<br>MUR'M |
|---|---|---|
| **At January 1** | **117.1** | - |
| At date of acquisition | **-** | 114.3 |
| Amount released and recognised as revenue | **(86.9)** | (20.1) |
| Cash received in advance and not recognised as revenue | **150.0** | 22.9 |
| **At December 31, 2022 (note 17)** | **180.2** | 117.1 |

## 46. Construction Contracts

| | THE GROUP | |
|---|---|---|
| | **2022** | 2021 |
| | **MUR'M** | MUR'M |
| **Contracts in progress at end of reporting year:** | | |
| Contract costs incurred plus recognised profits less losses to date | **1,616.2** | 3,887.9 |
| Less: progress billings | **(1,513.5)** | (3,863.8) |
| **Net amount due from customers** | **102.7** | 24.1 |
| | | |
| Gross amount due from customers for contract work done | **282.9** | 141.2 |
| Gross amount due to customers for contract work done | **(180.2)** | (117.1) |
| | **102.7** | 24.1 |
| | | |
| Bank guarantees given to third parties in respect of retention monies | - | 18.9 |

## 47. IOWA Curve

The Iowa type curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. The Iowa curves is a system of generalised survivor curves which depicts the range of survivor characteristics usually experienced by utility and industrial properties. By identifying large numbers of like property items installed approximately at the same time and recording the date of all retirements, they were able to compile all of the necessary statistical data to formulate a series of equipment mortality tables. These tables were refined, and a series of 18 different sets of curves were developed. These curves were then organised according to variations in retirement frequency and labelled using a two-part designation system. IOWA curves have been used in practice for the Ontario Energy Board and WestCoast Transmission System where remaining useful lives had to be determined. The R2 IOWA Survivor Curve was used to determine the useful life of the power plant.

# Three-year Summary of Published Results and Assets and Liabilities - The Group

## STATEMENT OF PROFIT OR LOSS

| | THE GROUP | | |
|---|---|---|---|
| | **2022** | 2021 | 2020 |
| | **MUR'M** | MUR'M | MUR'M |
| Turnover | **6,605.4** | 6,223.8 | 4,752.2 |
| Profit/(loss) before taxation and associates' results | **628.0** | 14.9 | (255.5) |
| Share of results of associates | **321.0** | 290.5 | 249.2 |
| Gain on remeasurement of associate | **-** | 24.9 | - |
| Profit on disposal of associate | **-** | 39.8 | - |
| Impairment of associates | **-** | (3.0) | (181.8) |
| Taxation | **44.0** | (50.4) | (22.3) |
| **Profit/(loss) after taxation** | **993.0** | 316.7 | (210.4) |
| Profit for the year from discontinued operations | **56.5** | - | - |
| **Profit/(loss)for the year** | **1,049.5** | 316.7 | (210.4) |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | **893.2** | 462.3 | (268.9) |
| Non-controlling interests | **156.3** | (145.6) | 58.5 |

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | THE GROUP | | |
|---|---|---|---|
| | **2022** | 2021 | 2020 |
| | **MUR'M** | MUR'M | MUR'M |
| Profit/(loss) after taxation | **1,049.5** | 316.7 | (210.4) |
| Other comprehensive income for the year net of tax | **1,347.2** | 371.9 | (191.6) |
| Total comprehensive income | **2,396.7** | 688.6 | (402.0) |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | **2,186.5** | 799.7 | (434.5) |
| Non-controlling interests | **210.2** | (111.1) | 32.5 |
| | **2,396.7** | 688.6 | (402.0) |
| Percentage of profit on shareholders' interest (%) | **13.61** | 5.7 | (2.00) |
| Earnings per share (MUR) | **3.93** | 2.03 | (1.18) |
| Dividends proposed and paid | **227.5** | 193.4 | 129.7 |
| Dividend per share (MUR) | **1.00** | 0.85 | 0.57 |
| Dividend cover (times) | **3.9** | 2.4 | - |
| Net assets per share (MUR) | **70.6** | 62.2 | 59.7 |
| Weighted number of ordinary shares used in calculation (M) | **227.6** | 227.6 | 227.6 |

* No dividend cover in 2020 as the Group incurred a loss of MUR'M 210.4.

## STATEMENTS OF FINANCIAL POSITION

| | THE GROUP | | |
|---|---|---|---|
| | **2022** | 2021 | 2020 |
| | **MUR'M** | MUR'M | MUR'M |
| Non-current assets | **19,243.1** | 17,414.8 | 17,252.5 |
| Current assets | **4,416.7** | 3,769.8 | 3,232.5 |
| Non-current assets classified as held-for-sale | **1,391.6** | 1,098.7 | 291.5 |
| **Total assets** | **25,051.4** | 22,283.3 | 20,776.5 |
| Owners' interest of the Company | **16,068.1** | 14,159.4 | 13,593.5 |
| Non-controlling interests | **985.7** | 840.1 | 975.4 |
| Non-current liabilities | **4,185.7** | 3,981.8 | 3,796.1 |
| Current liabilities | **2,748.3** | 2,520.3 | 2,411.5 |
| Liabilities directly associated with non-current assets classified as held-for-sale | **1,063.6** | 781.7 | - |
| **Total equity and liabilities** | **25,051.4** | 22,283.3 | 20,776.5 |