1. GENERAL INFORMATION

Alteo Limited (the "Company") is a limited liability Company listed on the Stock Exchange of Mauritius, incorporated on September 13, 2017 and domiciled in Mauritius. The address of its registered office is Vivéa Business Park, Saint Pierre. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

The consolidated financial statements of Alteo Limited and its subsidiaries (collectively, the "Group") for the year ended June 30, 2021 were authorised for issue in accordance with a resolution of the directors on September 22, 2021.

The Group is principally engaged in the growing and milling of sugar cane, the production of electricity and the construction of villas.

The COVID-19 pandemic will have lasting effects on all the operations of the Group. The property cluster has been the most impacted to date. Significant business interruptions are expected for the resort, golf club and property sales going forward. The impact of the pandemic on Alteo's main sugar export markets is uncertain at this stage. East African operations have not been impacted to date.

2. 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.

(a) Basis of preparation

The financial statements of Alteo Limited and its subsidiaries (the "Group") comply with the Companies Act 2001 and are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements include the consolidated financial statements of the parent Company and its subsidiaries (the "Group"), and the separate financial statements of the parent Company. The financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

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

(i) Land measured at fair value.

(ii) Financial assets at fair value through OCI measured at fair value.

(iii) Consumable biological assets measured at fair value less cost to sell.

(iv) Derivative financial instruments at fair value through profit or loss measured at fair value.

(v) Investment properties measured at their fair value.

(vi) Investment in subsidiaries, joint ventures and associates in the separate financial statements of the Company measured at their fair value.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at June 30, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is the presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(c) Amendments to published Standards effective in the reporting period

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

2. ACCOUNTING POLICIES (CONT'D)

(c) Amendments to published Standards effective in the reporting period (cont'd)

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

The amendments toIFRS7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued in March 2021

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 consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On May 28 2020, the IASB issued Covid-19. Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30 2021, but as the impact of Covid-19 pandemic is continuing, on March 31 2021, the IASB extended the period of application of the practical expedient to June 30 2022. The amendment applies to annual reporting periods beginning on or after Arpil 1 2021. However, the Group has not received Covid-19 related rent concessions but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

2. ACCOUNTING POLICIES (CONT'D)

(d) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Interest Rate Benchmark Reform- Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Jan 1, 2021
Reference to the Conceptual Framwork - Amendments to IFRS 3	Jan 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	Jan 1, 2022
Onerous Contracts - Costs fo Fulfilling a Contract - Amendments to IAS 37	Jan 1, 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	Jan 1, 2022
AIP IFRS 9 Financial instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	Jan 1, 2022
AIP IAS 41 Agriculture - Taxation in fair value measurements	Jan 1, 2022
IFRS 17 Insurance Contracts	Jan 1, 2023
Classification of Liabilities as Current or Non-current-Amendments to IAS 1	Jan 1, 2023
Sale or Contribution of Assets between as investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Postponed indefinitely
Covid-19 – Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16	April 1, 2021
Definition of Accounting Estimates – Amendments to IAS 8	Jan 1, 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	Jan 1, 2023

No new and amended standars and interpretations are expected to have a significant impact on the financial statements of the Group.

(e) Financial assets

(i) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will results from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

2. ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (cont'd)

(i) Initial recognition and measurement (cont'd)

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

(ii) Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets measured at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost include cash and cash equivalents, trade and other receivables and non-current loan to farmers and related companies included under financial assets at amortised cost.

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on a instrument-by-instrument basis.

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

The Group elected to classify irrevocably its listed and non-listed equity investments under this category.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

The Group holds no financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (cont'd)

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2. ACCOUNTING POLICIES (CONT'D)

(f) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities measured at amortised cost (loans and borrowings)

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss. This category generally applies to loans and borrowings, including bank overdraft.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

(f) Financial liabilities (cont'd)

(iv) Derecognition

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

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(h) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and cross currency swap transactions to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an 'economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statements of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

2. ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges (cont'd)

The Group uses forward currency contracts and cross currency swaps as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments,. The ineffective portion is recognised as net foreign exchange gain or loss. Refer to note 12 for more details.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(i) Foreign currencies

(i) Functional and presentation currency

The Group's financial statements are presented in Mauritian Rupees (Rs or MUR), which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies, that is, Tanzanian shillings (TZS) and Kenyan shillings (KSH), are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2. ACCOUNTING POLICIES (CONT'D)

(i) Foreign currencies (cont'd)

(ii) Transactions and balances (cont'd)

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item. (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(iii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statements of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2. ACCOUNTING POLICIES (CONT'D)

(j) Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statements of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at June 30, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at June 30, at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(k) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in countries where the Group operates and generate taxable income.

Current income tax relating to items recognised directly in equity and not in the statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Value added tax

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

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

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

Corporate Social Responsibility

The Corporate Social Responsibility (''CSR'') was legislated by Government in July 2009. In terms of the legislation, the Group is required to allocate 2% of its chargeable income of the preceding financial year to Government approved CSR projects.

The required CSR charge for the current year is recognised as taxation expense in the statements of profit or loss. The net amount of CSR fund payable to the taxation authority is included as current tax liabilities in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

(l) Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Company's constitution, a distribution is authorised when it is approved by the Board of Directors. A corresponding amount is recognised directly against equity.

(m) Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation and reliable estimate cane be made of the obligation. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

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).

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate (EIR). The amount of provision is recognised in profit or loss.

(n) Fair value measurement

The Group measures financial instruments such as derivatives and equity investments and non-financial assets such as land, consumable biological assets and investment properties, at fair value at each reporting date.

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

- In the principal market for the asset or liability.

or

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

The principal or the most advantageous market must be accessible by the Group, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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.

2. ACCOUNTING POLICIES (CONT'D)

(n) Fair value measurement (cont'd)

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.

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 company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or financial instruments at fair value through OCI.

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 recurring fair value measurement, such as land, consumable biological assets, investment properties and unquoted equity investment. Management is comprised of the Chief Finance Executive and chief finance officers.

External valuers are involved for valuation of significant assets, such as land and investment properties. Involvement of external valuers is determined annually by Management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

The nominal value less estimated credit adjustments of trade and other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(o) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

(o) Leases (cont'd)

Group as a lessee

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial measurement of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years
- Building 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans to farmers and related companies, trade and other receivables, and cash and cash equivalent that derive directly from its operations. The Group also holds investment in equity instruments and enters into derivative transactions.

3.1 Risk factors

The Group's activities expose it to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's senior management overseas the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that the risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivatives activities for risk management purpose are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees the policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market places. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade and other receivables, investment in equity instruments and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 50%.

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs'000	Rs'000	**Rs'000**	Rs'000
Floating interest rate	Other loans	**5,468,025**	5,867,215	**201,016**	195,433

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected with an effect of a 0.5% (2020: 0.5%) possible movement up or down with all other variables held constant. The impact on the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Effect on profit before tax with an increase / decrease of 0.5% in interest rate	**27,340**	24,988	**1,005**	977

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates primarily relates to the Group's operating activities (where revenue or expense is denominated in foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and purchases. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into MUR of its foreign activities by using foreign currency swaps and forwards.

The currency profile is as follows:

	THE GROUP		THE COMPANY	
2021	**Financial assets**	**Financial liabilities**	**Financial assets**	**Financial liabilities**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
MUR	**1,328,799**	**4,656,487**	**24,662,408**	**1,720,603**
EUR	**138,269**	**84,817**	**-**	**-**
USD	**148,020**	**968,877**	**-**	**-**
GBP	**5,828**	**-**	**-**	**-**
TZN	**282,140**	**1,529,335**	**-**	**-**
KES	**433,806**	**1,967,802**	**-**	**-**
ZAR	**1,583**	**20,816**	**-**	**-**
	2,338,445	**9,228,134**	**24,662,408**	**1,720,603**

	THE GROUP		THE COMPANY	
2020	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
MUR	1,242,164	5,249,671	23,472,630	1,793,987
EUR	253,497	95,923	-	-
USD	589,946	989,349	-	-
GBP	3,348	147	-	-
TZN	208,680	1,179,634	-	-
KES	509,980	1,926,596	-	-
ZAR	638	7,679	-	-
	2,808,253	9,448,999	23,472,630	1,793,987

Financial assets include trade and other receivables, cash and cash equivalent, financial assets at amortised cost, financial assets at fair value through OCI but exclude prepayments amounting to Rs 49.6m (2020: Rs 50.169m) for the Group and Rs 1.1m (2020: Rs 950k) for the Company. Financial liabilities include loans and borrowings, trade and other payables and derivative financial instruments.

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk (cont'd)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR, USD, TZN and KES with an effect of a 5% (2020: 5%) possible movement up or down of the currency against the MUR with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	THE GROUP			
	2021		2020	
	Change in rate	Impact on pre-tax profit	Change in rate	Impact on pre-tax profit
		Rs'000		Rs'000
EUR	+10%	5,508	+5%	7,879
USD	+5%	(38,067)	+5%	(19,970)
GBP	+20%	1,172	+5%	160
TZN	+10%	(138,577)	+5%	(48,548)
KES	+5%	(80,737)	+5%	(70,831)
ZAR	+25%	(7,479)	+5%	(352)

(iii) Equity price risk

The Group and the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group and the Company manage the equity price risk through diversification. The Group and the Company's Board of Directors reviews and approves all equity investment decisions.

Sensitivity analysis

Sensitivity analysis of these investments in non-listed equities is as follows:

THE GROUP

LEVEL 3

At June 30, 2021, the Group holds Rs 3.4m (2020: Rs 8.4m) unquoted financial assets at fair value through OCI. The fair value has been valued on a net assets basis based on latest available financial statements. Had the fair value increased / decreased by 1%, (2020: 1%), the fair value of unquoted financial assets at FVOCI would increase/decrease by Rs 34k (2020: Rs 84k).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Equity price risk (cont'd)

Sensitivity analysis (cont'd)

THE COMPANY

The sensitivity below is for investment in subsidiaries, joint ventures and associates measured at fair value through OCI.

LEVEL 3

	Fair value at June 30, 2021	Valuation approach	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
	Rs'000				%	Rs'000
Sugar	21,873,135	DCF	Discount rate	9.19% - 16.66%	5%	(156,300)
					(5%)	246,528
			Revenue growth	3.0% - 5.9%	5%	93,016
					(5%)	(88,464)
Energy	457,123	DCF	Discount rate	8.60%	5%	(25,446)
					(5%)	(9,857)
			Revenue growth	2%	5%	4,205
					(5%)	(4,674)
Property	2,109,004	DCF	Discount rate	10.31% - 12.91%	5%	(13,716)
					(5%)	3,975
			Revenue growth	3.5% - 5.0%	5%	6,090
					(5%)	(5,897)

	Fair value at June 30, 2020	Valuation approach	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
	Rs'000				%	Rs'000
Sugar	20,364,812	DCF	Discount rate	10.92% - 16.62%	5%	(259,523)
					(5%)	280,203
			Revenue growth	3.5% - 5.3%	5%	70,227
					(5%)	(68,310)
Energy	419,366	DCF	Discount rate	10.44%	5%	(6,879)
					(5%)	7,587
			Revenue growth	3.5% - 5.3%	5%	4,991
					(5%)	(4,832)
Property	2,046,920	DCF	Discount rate	9.74% - 12.04%	5%	(11,965)
					(5%)	13,050
			Revenue growth	3.5% - 5.3%	5%	8,943
					(5%)	(8,576)

(iv) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its sugar operations are ultimately exposed to the sugar price on the world market, and particularly the EU market. The EU sugar market conditions have deteriorated over the year and have experienced higher volatility since the abolition of production quotas for EU beet sugar producers on October 1, 2017. The Group mitigates this risk through a strategy of diversification of markets and revenue sources.

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(a) Market risk (cont'd)

(iv) Commodity price risk (cont'd)

Sensitivity analysis

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 had increased / decreased by 8% (2020: 8%).

	THE GROUP			
	Impact on profit or loss		Impact on equity	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Price of sugar	366,521	293,813	366,521	293,813

Limitation of sensitivity analyses

Sensitivity analyses in respect of market risk demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analyses do not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents.

For the sugar and energy sectors, the Group has a concentration of credit risk since its main debtors are the Mauritius Sugar Syndicate and the Central Electricity Board. The Group does not expect any losses from non-performance of these debtors since they are reputable government institutions and settlement of invoices are done within 30 days.

The maximum exposure to credit risk is summarised as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade and other receivables	1,569,913	1,569,364	15,387	232,392
Contract assets	53,866	81,353	-	-
Cash and cash equivalents	532,255	1,017,474	387,245	205,193
	2,156,034	2,668,191	402,632	437,585

Farmers loans and trade and other receivables

Customer credit risk is managed based on the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(b) Credit risk (cont'd)

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security on these balances. Farmers' loans comprise principal and accrued interest and are generally repaid over 3 crop cycle which varies between 3 to 5 years. A significant portion of these loans are not yet due for recovery through the first crop cycle. Management have estimated expected credit loss rate to be based on unrecovered loans after the third crop cycle.

Set out below is the information about the credit risk exposure on the farmers' loans and trade receivables and other receivables using a provision matrix:

	Trade receivables				
June 30, 2021	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected credit loss rate	0%	0%	0%	51%	
Estimated total gross carrying amount at default	26,835	4,730	2,418	18,228	52,211
Expected credit loss	-	-	-	(9,351)	(9,351)
Net carrying amount	26,835	4,730	2,418	8,877	42,860

	Farmers' loans				
June 30, 2021	Within 24 months	Between 24 and 36 months	Between 36 and 48 months	Over 48 months	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected credit loss rate	6%	5%	17%	43%	
Estimated total gross carrying amount at default	64,328	139,822	88,809	62,900	355,859
Expected credit loss	(3,636)	(6,372)	(15,451)	(27,012)	(52,471)
Net carrying amount	60,692	133,450	73,358	35,888	303,388

ECL on farmers' loans amounting to Rs (14.6)m m and Rs 20.4 m have been allocated to financial assets at amortised cost (note 13) and trade and other receivables (note 17) respectively.

	Other receivables
	Rs'000
Expected credit loss rate	19%
Estimated total gross carrying amount at default	146,671
Expected credit loss	(27,874)
Net carrying amount	118,797

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(b) Credit risk (cont'd)

June 30, 2020	Trade and other receivables: Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected credit loss rate	0%	0%	0%	76%	
Estimated total gross carrying amount at default	8,974	7,306	379	17,715	34,374
Expected credit loss	-	-	-	(13,454)	(13,454)
Net carrying amount	8,974	7,306	379	4,261	20,920

June 30, 2020	Farmers' loans: Within 24 months	Between 24 and 36 months	Between 36 and 48 months	Over 48 months	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected credit loss rate	5%	13%	47%	82%	
Estimated total gross carrying amount at default	185,745	111,195	44,766	23,204	364,910
Expected credit loss	(9,843)	(14,203)	(20,891)	(19,003)	(63,940)
Net carrying amount	175,902	96,992	23,875	4,201	300,970

ECL on farmers' loans amounting to Rs 16.5m and Rs 46.2m have been allocated to financial assets at amortised cost (note 13) and trade and other receivables (note 17) respectively.

	Other receivables
	Rs'000
Expected credit loss rate	2%
Estimated total gross carrying amount at default	483,124
Expected credit loss	(10,946)
Net carrying amount	472,178

Except for the above, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has 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.

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash marketable funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting of undiscounted payments date to the contractual maturity date:

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At June 30, 2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Money market deal	44	-	-	-	44
Bank overdraft	961,886	-	-	-	961,886
Trade and other payables	1,821,430	-	-	-	1,821,430
Bank loans	1,046,260	758,084	2,271,831	429,920	4,506,095
Debentures*	571,920	47,120	1,041,760	-	1,660,800
Shareholders' loan	1,304	31,229	-	-	32,533
Derivative financial instruments	122,823	-	-	-	122,823
Lease liabilities	92,429	76,755	148,536	113,557	431,277
Total	4,618,096	913,188	3,462,127	543,477	9,536,888

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At June 30, 2020	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Money market deal	99,997	-	-	-	99,997
Bank overdraft	1,632,034	-	-	-	1,632,034
Trade and other payables	1,847,301	-	-	-	1,847,301
Bank loans	587,296	501,543	2,772,593	243,825	4,105,257
Debentures*	124,400	571,920	1,088,880	-	1,785,200
Shareholders' loan	-	-	29,927	-	29,927
Derivative financial instruments	74,593	-	-	-	74,593
Lease liabilities	66,966	45,307	54,802	60,463	227,538
Total	4,432,587	1,118,770	3,946,202	304,288	9,801,847

*Debentures include Rs 210m (2020: Rs 285m) of interests.

Bank loans are indicated at their carrying amount per the statement of financial position as they carry variable interest rates.

3. RISK MANAGEMENT (CONT'D)

3.1 Risk factors (cont'd)

(c) Liquidity risk (cont'd)

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At June 30, 2021	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Debentures	**571,920**	**47,120**	**1,041,760**	**-**	**1,660,800**
Loans at call	**201,016**	**-**	**-**	**-**	**201,016**
Lease liabilities	**7,913**	**8,156**	**11,065**	**10,926**	**38,060**
Trade and other payables	**31,527**	**-**	**-**	**-**	**31,527**
Total	**812,376**	**55,276**	**1,052,825**	**10,926**	**1,931,403**

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At June 30, 2020	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Debentures	124,400	571,920	1,088,880	-	1,785,200
Loans at call	171,412	-	-	-	171,412
Bank overdraft	2,338	-	-	-	2,338
Lease liabilities	7,825	2,616	1,418	9,824	21,683
Trade and other payables	98,554	-	-	-	98,554
Total	404,529	574,536	1,090,298	9,824	2,079,187

3.2 Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes 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.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt over total equity and net debt. Net debt is calculated as total debt (as shown in 'the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, retained earnings and reserves).

The gearing ratios at June 30, 2021 and at June 30, 2020 were as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total loans and borrowings	**7,283,881**	7,527,105	**1,689,076**	1,695,433
Less: cash and cash equivalent	**(532,255)**	(1,017,474)	**(387,245)**	(205,193)
Net debt	**6,751,626**	6,509,631	**1,301,831**	1,490,240
Equity	**18,660,549**	17,242,709	**23,233,122**	21,631,899
Gearing ratio	**0.27**	0.27	**0.05**	0.06

The Group is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended June 30, 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes risk management in note 3.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.1 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 3.1(a)(iii) for further disclosures.

4.2 Impairment assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(j). The calculation used pre-tax cash flow based on financial budgets approved by management covering a 5-year period and an assumed yearly growth rate. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). Further explanation are detailed in note 7(a)(ii).

4.3 Biological assets

(a) Bearer biological assets

Bearer biological assets, included in property, plant and equipment are depreciated over their useful life. The actual life of the bearers are assessed annually, taking into account the life cycle of the ratoons, yields, estimated price of sugar and a discount rate. The carrying amount of bearer biological assets at June 30, 2021 is Rs 696m (2020: Rs 376m).

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.3 Biological assets (cont'd)

(b) Consumable biological assets - Standing canes

The fair value of consumable biological assets has been arrived at by discounting the present value of expected net cash flows from standing canes at the relevant market determined pre-tax rate. At June 30, 2021, consumable biological assets amounted to Rs 3,070m (2020: Rs 2,383m).

The expected cash flows from standing canes have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year for standing canes. For palm hearts, the expected cash flows have been computed by estimating the sales proceeds from the number of saleable palm trees currently in cultivation. The harvesting costs and other direct expenses are based on the yearly budgets of the Group.

4.4 Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as historical experience, future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets. Assets such as property, plant and equipment and intangible assets are considered for impairment when there is an indication. Refer to note 5 for futher disclosures.

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.

4.5 Pension benefits

The cost of the defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group has both funded and unfunded obligations. For the funded obligations, the Group participates in the Sugar Industry Pension Fund, the IBL Pension Fund and CIEL Group Segregated Pension Fund, registered under the Private Pension Fund Act, the assets of which are held independently. The pension plans are funded from payments from the employees and the Group, taking into account the recommendations of an independent actuary, namely SWAN Life Ltd. The unfunded liability relates to employees who are entitled to retirement gratuities payable under the Workers' Right Act 2019. The pension scheme is a defined benefit scheme. Refer to note 23 for further disclosures.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

4.6 Fair value of land included in property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. In addition, it measures land in property plant ane equipment at revalued amounts with changes in fair value being recognised in the statements of other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at June 30, 2021. For investment properties, the valuer used a valuation technique based on open-market value and income capitalisation method. Refer to note 5 and 6 for further disclosures.

4.7 Provision for expected credit losses

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade and other receivables and farmers' loans. The provision rates are based on days past due for groupings of various customer/ farmer segments that have similar loss patterns.

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 area under cultivation (i.e. expected tonnage) or sugar prices are expected to deteriorate over the next year which can lead to an increased number of defaults of farmers, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to notes 13 and 17 for further disclosures.

4.8 Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any capital gain taxes on disposal of its investment properties.

4.9 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 41.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

4.10 Consolidation of entities in which the Group holds less than a majority of voting right

The Group considers that it controls TPC Limited and Transmara Sugar Company Limited even though it owns less than 50% of the voting right. This is because the Group has the power over the investees in that it has existing rights that give it the ability to direct the relevant activities and also the power over the investees to affect the amounts of the Group's returns. Refer to note 8 for futher disclosures.

4.11 Revenue recognition - sale of villas

The Group concluded that revenue from construction and sale of villas is to be recognized over time because the villa sold has no alternative use for the customer since the Group cannot contractually direct it to a third party. Control to the customer passes over time and the customer takes final delivery of the villa at the end of the construction. The Group has an unconditional right to payment at the end of each stage of construction. Therefore, the percentage of completion method is utilised to recognise revenue on long-term contracts.

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

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. Refer to note 28 for further disclosures.

4.12 Deferred tax assets

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Refer to note 14 for further disclosures.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

4.13 Leases- estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4.14 Uncertain tax position

There are some uncertainties in respect of the interpretation of the complex tax regulations and changes in tax laws on foreign withholding tax and deemed interest that the Group has adopted. The Group has applied its judgement and where applicable, obtained concurrence on the different interpretations adopted from their tax advisors. In so doing, the Group has considered as to whether acceptance by the taxation authorities is probable; or the decision to apply the 'most likely amount' or 'expected value' method to reflect the uncertainty.

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold land	Buildings on leasehold land	Agricultural equipment	Motor vehicles	Plant and machinery	Power generation plant	Furniture and equipment	Computer equipment	Land improvement and derocking project	Golf course	Bearer plants	Expansion project and work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION													
At July 1, 2020	11,636,510	2,928,577	746,311	1,588,790	4,741,940	1,805,854	351,765	79,929	543,947	377,492	1,486,564	144,196	26,431,875
Additions	8,599	78,545	32,578	271,425	86,574	-	6,815	5,434	59,226	-	200,581	115,971	865,748
Disposals	(22,513)	-	(15,520)	(7,917)	(2,576)	(213)	(6,740)	(138)	-	-	-	(2,874)	(58,491)
Transfers to right-of-use	-	-	(46,489)	37,240	(16,000)	-	-	-	-	-	-	(15,132)	(40,381)
Fully depreciated assets	-	-	-	-	-	-	-	-	-	-	(444,714)	-	(444,714)
Exchange difference	713	104,809	-	75,779	194,131	-	17,069	4,421	-	-	37,922	10,899	445,743
At June 30, 2021	11,623,309	3,111,931	716,880	1,965,317	5,004,069	1,805,641	368,909	89,646	603,173	377,492	1,280,353	253,060	27,199,780
ACCUMULATED DEPRECIATION													
At July 1, 2020	-	1,103,309	525,344	1,208,844	2,354,680	1,697,316	280,498	63,017	257,329	-	1,110,543	-	8,600,880
Charge for the year	-	78,923	31,791	147,021	238,981	72,485	16,297	6,921	21,804		135,203	-	749,426
Disposals	-	-	(14,907)	(7,887)	(1,897)	-	(6,722)	(138)	-	-	-	-	(31,551)
Transfers	-	-	(4,649)	18,197	(9,425)	-	-	-	-	-	-	-	4,123
Fully depreciated assets	-	-	-	-	-	-	-	-	-	-	(444,714)	-	(444,714)
Reversal of impairment (note 41)	-	(2,870)	-	-	(11,533)	-	-	-	-	-	(234,148)	-	(248,551)
Exchange difference	-	24,601	-	58,316	84,771	-	13,821	3,511	-	-	16,993	-	202,013
At June 30, 2021	-	1,203,963	537,579	1,424,491	2,655,577	1,769,801	303,894	73,311	279,133	-	583,877	-	8,831,626
NET BOOK VALUE													
At June 30, 2021	11,623,309	1,907,968	179,301	540,826	2,348,492	35,840	65,015	16,335	324,040	377,492	696,476	253,060	18,368,154

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

THE GROUP	Freehold land	Buildings on leasehold land	Agricultural equipment	Motor vehicles	Plant and machinery	Power generation plant	Furniture and equipment	Computer equipment	Land improvement and derocking project	Golf course	Bearer plants	Expansion project and work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION													
At July 1, 2019	12,740,340	2,749,011	697,402	1,609,372	5,185,704	1,802,303	367,368	79,410	508,290	377,492	1,299,127	152,479	27,568,298
Impact on adoption of IFRS 16	-	-	-	(228,586)	-	-	-	-	-	-	-	-	(228,586)
	12,740,340	2,749,011	697,402	1,380,786	5,185,704	1,802,303	367,368	79,410	508,290	377,492	1,299,127	152,479	27,339,712
Additions	1,640	5,995	61,769	65,405	33,410	3,338	600	2,530	35,657	-	144,749	192,706	547,799
Disposals	(100,072)	(43,197)	(12,860)	(25,433)	(767,313)	-	(531)	(372)	-	-	-	-	(949,778)
Revaluation surplus	336,015	-	-	-	-	-	-	-	-	-	-	-	336,015
Transfers	-	75,403	-	65,590	47,279	213	22,778	2,594	-	-	-	(213,857)	-
Transfers to investment properties	(1,342,124)	-	-	-	-	-	-	-	-	-	-	-	(1,342,124)
Fully depreciated assets	-	-	-	-	(28,664)	-	(61,229)	(10,195)	-	-	-	-	(100,088)
Exchange difference	711	141,365	-	102,442	271,524	-	22,779	5,962	-	-	42,688	12,868	600,339
At June 30, 2020	11,636,510	2,928,577	746,311	1,588,790	4,741,940	1,805,854	351,765	79,929	543,947	377,492	1,486,564	144,196	26,431,875
ACCUMULATED DEPRECIATION													
At July 1, 2019	-	1,040,845	502,913	1,200,519	2,811,058	1,624,831	307,587	63,434	237,875	-	968,627	-	8,757,689
Impact on adoption of IFRS 16	-	-	-	(152,638)	-	-	-	-	-	-	-	-	(152,638)
	-	1,040,845	502,913	1,047,881	2,811,058	1,624,831	307,587	63,434	237,875	-	968,627	-	8,605,051
Charge for the year	-	75,628	35,290	112,415	233,371	72,485	15,905	5,538	19,454	-	123,956	-	694,042
Disposals	-	(43,197)	(12,859)	(24,347)	(767,243)	-	(499)	(372)	-	-	-	-	(848,517)
Fully depreciated assets	-	-	-	-	(28,664)	-	(61,229)	(10,195)	-	-	-	-	(100,088)
Exchange difference	-	30,033	-	72,895	106,158	-	18,734	4,612	-	-	17,960	-	250,392
At June 30, 2020	-	1,103,309	525,344	1,208,844	2,354,680	1,697,316	280,498	63,017	257,329	-	1,110,543	-	8,600,880
NET BOOK VALUE													
At June 30, 2020	11,636,510	1,825,268	220,967	379,946	2,387,260	108,538	71,267	16,912	286,618	377,492	376,021	144,196	17,830,995

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

THE COMPANY

	Furniture and equipment	Computer equipment	Total
	Rs'000	Rs'000	Rs'000
COST AND VALUATION			
At July 1, 2020	70	1,418	1,488
Additions	475	86	561
At June 30, 2021	545	1,504	2,049
DEPRECIATION			
At July 1, 2020	13	412	425
Charge for the year	145	319	464
At June 30, 2021	158	731	889
NET BOOK VALUE			
At June 30, 2021	387	773	1,160

	Furniture and equipment	Computer equipment	Total
	Rs'000	Rs'000	Rs'000
COST AND VALUATION			
At July 1, 2019	-	1,313	1,313
Additions	70	105	175
At June 30, 2020	70	1,418	1,488
DEPRECIATION			
At July 1, 2019	-	106	106
Charge for the year	13	306	319
At June 30, 2020	13	412	425
NET BOOK VALUE			
At June 30, 2020	57	1,006	1,063

(a) Cost and valuation

(i) Freehold land has been valued by Ramiah-Isabel Consultancy Ltd, chartered land valuers, in June 2020 based on sales comparable. The revaluation surplus was credited to revaluation reserve. The Directors consider that the Rs 11.6bn carrying of land is equivalent to its fair value as the underlying market conditions have not changed considerably from those present in June 2020. The main key input to fair value land was price per Hectare

(ii) Borrowings are secured by floating charges on the asset of the Group, including property, plant and equipment (note 22).

(iii) The depreciation charge for the year has been recognised in the statements of profit or loss.

(iv) If the freehold land was stated on the historical cost basis, the amounts would be as follows:

	2021	2020
THE GROUP	Rs'000	Rs'000
At July 1,	5,487,961	5,545,527
Additions	8,599	1,640
Disposals	(14,048)	(59,206)
At June 30,	5,482,512	5,487,961

	Freehold land	
	2021	2020
Level 2	Rs'000	Rs'000
FAIR VALUE		
At June 30,	11,623,309	11,636,510

(v) Bearer plants represent replantation expenditure for canes that have an expected life cycle of 4 years and 9 years for TPC Limited and Alteo Agri Ltd respectively, as they would normally generate 4 - 9 years of crop harvest. Such biological assets are measured at cost (direct costs incurred including cost of purchase if any) less any accumulated depreciation and any accumulated impairment losses.

(vi) In 2020, management has performed an exercise to identify land that would be used for future land development. Consequently, all land earmarked for future development had been transferred under investment properties.

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

(b) Accounting policy

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, except for land. Such cost includes the cost of replacing part of the property and plant and equipment . When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them separately. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is measured at fair value. Independent valuations are performed every 2 years and management makes an assessment of revaluation of land to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in OCI and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statements of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation surplus.

Expansion projects and work in progress relate to expenditure on plant and machinery and are not depreciated because they are not yet available for use. They are transferred to property, plant and equipment once they become available for use.

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

The annual rates used are:

Leasehold buildings	2% - 5%
Agricultural equipment	5% - 20%
Motor vehicles	10% - 25%
Plant and machinery	5% - 20%
Power generation plant	4% - 10%
Furniture and equipment	4% - 20%
Computer equipment	25%
Land improvement and land derocking project	4%
Bearer plants	11.1% - 16.7%

Freehold land and golf course are not depreciated.

The assets' residual values, useful lives and depreciation methods 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. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) 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 the statements of profit or loss. On disposal of revalued assets, amounts in revaluation surplus relating to that asset are transferred to retained earnings.

6. INVESTMENT PROPERTIES

	THE GROUP			
			2021	2020
THE GROUP	Level 2	Level 3	Total	Total
FAIR VALUE	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	2,785,519	70,044	2,855,563	1,646,386
Transfer from property, plant and equipment (note 5)	-	-	-	1,342,124
Transfer to inventories	-	-	-	(133,747)
Disposal	(2,736)	(31,071)	(33,807)	-
Fair value movement (note 33)	-	(13,581)	(13,581)	800
At June 30,	2,782,783	25,392	2,808,175	2,855,563

(i) No direct operating expenses were incurred on the investment properties during the year. Rental income derived from investment properties have been disclosed in note 36.

(ii) Investment properties classified at level 2 of the fair value hierarchy have been revalued by Ramiah-Isabel Consultancy Ltd in June 2021 based on sales comparable. The main key input to fair value land was price per Hectare.

(iii) Investment properties classified at level 3 of the fair value hierarchy have been revalued using the income capitalisation method based on the lease rental income generated by the property using a discount rate of 5.85%.
Had the discount rate increased / decreased by 1%, the fair value of investment properties classified at level 3 of the fair value hierarchy would have increased / decreased by Rs 704k (2020: Rs 151k).

(iv) Borrowings are secured by floating charges on the asset of the Group, including investment properties (note 22).

6. INVESTMENT PROPERTIES (CONT'D)

(iv) Land on which development works have begun with a view to sell have been transferred to inventories last year.

(v) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(a) Accounting policy

Investment properties consist of land and building, held to earn rentals or for capital appreciation or both, and not occupied by the Group, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing sales comparable determined by external valuers. Changes in fair values are included in the statements of profit or loss in the period in which they arise.

The Group engaged independent valuation specialists to determine the fair values of investment properties as at June 30, 2021. The valuers used a valuation technique based on sales comparable.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investments properties only when there is a change in use.

7. INTANGIBLE ASSETS

THE GROUP	Land Conversion Rights	Goodwill on acquisition of subsidiary	Total
COST	**Rs'000**	**Rs'000**	**Rs'000**
At July 1, 2020	**974,052**	**932,229**	**1,906,281**
Exchange differences	**-**	**60,180**	**60,180**
At June 30, 2021	**974,052**	**992,409**	**1,966,461**
IMPAIRMENT			
At June 30, 2021	**-**	**-**	**-**
NET BOOK VALUE			
At June 30, 2021	**974,052**	**992,409**	**1,966,461**

THE GROUP	Land Conversion Rights	Goodwill on acquisition of subsidiary	Total
COST	Rs'000	Rs'000	Rs'000
At July 1, 2019	974,052	828,840	1,802,892
Exchange differences	-	103,389	103,389
At June 30, 2020	974,052	932,229	1,906,281
IMPAIRMENT			
At June 30, 2020	-	-	-
NET BOOK VALUE			
At June 30, 2020	974,052	932,229	1,906,281

Borrowings are secured by fixed charges on the assets of the Group, including Land Conversion Rights.

7. INTANGIBLE ASSETS (CONT'D)

(a) Accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever 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 statements of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, 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.

Intangible assets of the Group, all have indefinite useful lives

(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. The LCRs are assumed to have an indefinite useful life according to Sugar Industry Efficiency Act.

LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company 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.

When the LCR relates to capital expenditure, the related grant is recognised as a deferred income in non-current liabilities and is released on a straight line basis over the expected useful life of the related asset.

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 the statements of profit or loss.

The carrying amount of Land Conversion Rights has been determined based on sales comparable.

The following table shows the key unobservable input used in the valuation model.

Type	Key unobservable inputs	Unobservable input	Sensitivity of the input to fair value	
2021				**Rs'000**
Land Conversion Rights	**Discount rate**	**8%**	**+1%**	**(40,000)**
			-1%	**42,446**
2020				
Land Conversion Rights	Discount rate	8%	+1%	(52,000)
			-1%	138,914

7. INTANGIBLE ASSETS (CONT'D)

(a) Accounting policy (cont'd)

(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

Goodwill is tested annually for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Cash-generating unit	**2021**	2020
	Rs'000	Rs'000
Transmara Sugar Company Limited	**992,409**	932,229

The carrying amount of goodwill has been determined based on fair value calculation. The calculation used post-tax cash flow based on financial budgets approved by management covering a 5-year period. A yearly growth rate of 5.9% (2020: 5.3%) has been assumed. The post-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 discount rate calculation is based on the specific circumstances of the CGU and is derived from its weighted average cost of capital (WACC). The WACC 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. The discount rate used is 15.99% (2020: 16.4%).

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of the cash generating unit to at least maintain its market share as well as stable local and international economic conditions.

The following table shows the key unobservable inputs used in the valuation model.

Type	**Key unobservable inputs**	**Range of unobservable inputs**	**Sensitivity of the input to fair value**	
2021				**Rs'000**
Goodwill	**Growth rate**	**5.9%**	**+10%**	**90,055**
			(10%)	**(80,108)**
	Discount rate	**15.99%**	**+5%**	**(81,266)**
			(5%)	**88,692**
2020				
Goodwill	Growth rate	5.3%	+10%	62,448
			(10%)	(56,740)
	Discount rate	16.4%	+5%	(69,709)
			(5%)	75,497

8. INVESTMENT IN SUBSIDIARIES

<u>**THE COMPANY**</u>	**2021**	2020
<u>Level 3</u>	**Rs'000**	Rs'000
At July 1,	**22,785,373**	22,042,843
Share buy back*	**-**	(36,668)
Transfer from financial assets** (note 13)	**-**	14,263
Fair value movement	**1,547,992**	764,935
At June 30,	**24,333,365**	22,785,373

*In 2020, the Company performed a share buy-back exercise in three of its subsidiaries, namely Alteo Refinery Ltd, Alteo Energy Ltd and Eastern Energy Company Limited.

**In 2020, the Company capitalised its shareholder loan in Anahita Estates Limited during the year.

The directors have assessed the fair value of the investment in subsidiaries using a discounted cash flow method. The sensitivity analysis has been disclosed in note 3.1(a)(iii).

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The following companies are subsidiaries of Alteo Limited:

					2021		2020		2021 & 2020
					Effective percentage holding		Effective percentage holding		
Company	Type of shares held	Stated capital		Activity	**held directly**	**held indirectly**	held directly	held indirectly	% held by non-controlling interests
<u>Direct holding</u>									
Alteo Agri Ltd	Ordinary	Rs'000	1,822,653	Sugar cane growing	**100.00**	**-**	100.00	-	-
Alteo Energy Ltd	Ordinary	Rs'000	161,248	Energy production	**65.10**	**-**	65.10	-	34.90
Alteo Milling Ltd	Ordinary	Rs'000	416,917	Sugar cane milling	**76.50**	**-**	76.50	-	23.50
Alteo Properties Ltd	Ordinary	Rs'000	1,000	Real estate services	**100.00**	**-**	100.00	-	-
Alteo Refinery Ltd	Ordinary	Rs'000	474,000	Sugar refining	**32.50**	**20.87**	32.50	20.87	46.63
Anahita Estates Limited	Ordinary	Rs'000	1,314,084	Real estate development	**100.00**	**-**	100.00	-	-
Consolidated Energy Co. Ltd.	Ordinary	Rs'000	21,000	Energy production	**13.13**	**31.25**	13.13	31.25	55.62
Eastern Energy Company Limited	Ordinary	Rs'000	50	Investment holding	**61.72**	**-**	61.72	-	38.28
Refinest Limited	Ordinary	Rs'000	45,600	Investment holding	**64.23**	**-**	64.23	-	35.77
Sucrière des Mascareignes Limited	Ordinary	USD'000	28,971	Investment holding	**60.00**	**-**	60.00	-	40.00
Usinest Limited	Ordinary	Rs'000	39	Investment holding	**65.19**	**-**	65.19	-	34.81
<u>Indirect holding</u>									
Alteo New Energy Ltd	Ordinary	Rs'000	1	Dormant	**-**	**65.10**	-	65.10	34.90
Alteo Planters Services Ltd	Ordinary	Rs'000	25	Planters services	**-**	**76.50**	-	76.50	23.50
Anahita Centre for Excellence Limited	Ordinary	Rs'000	25	Vocational and professional training	**-**	**100.00**	-	100.00	-
Anahita Golf Ltd	Ordinary	Rs'000	872,634	Golf club	**-**	**87.77**	-	87.77	12.23
Compagnie de la Vigie Ltée	Ordinary	Rs'000	25	Dormant	**-**	**85.72**	-	85.72	14.28
Compagnie Usinière de Mon Loisir Ltée	Ordinary	Rs'000	163,454	Dormant	**-**	**70.80**	-	70.80	29.20
Deep River Beau Champ Milling Company Ltd	Ordinary	Rs'000	111,053	Dormant	**-**	**51.38**	-	51.38	48.62
Island Basket Ltd	Ordinary	Rs'000	1	Farming	**-**	**100.00**	-	-	-
Island Fresh Ltd	Ordinary	Rs'000	25	Poultry farming	**-**	**100.00**	-	100.00	-
Schoenfeld Co. Ltd	Ordinary	Rs'000	25	Real estate holding	**-**	**100.00**	-	100.00	-
Sena Development Ltd	Ordinary	Rs'000	1,413,561	Investment holding	**-**	**57.97**	-	57.97	42.03
Société Beauregard					**-**	**100.00**	-	100.00	-
Sukari Investment Company Limited	Ordinary	USD'000	9,936	Investment holding	**-**	**60.00**	-	60.00	40.00
TPC Limited	Ordinary	TShs'000	3,326,897	Sugar cane growing and milling	**-**	**45.00**	-	45.00	55.00
Transmara Investment Limited	Ordinary	USD'000	46,164	Investment holding	**-**	**60.00**	-	60.00	40.00
Transmara Sugar Company Limited	Ordinary	KShs'000	444,860	Sugar cane milling	**-**	**30.60**	-	30.60	69.40

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The financial statements of all above subsidiaries included in the Group financial statements, are co-terminus with those of the Company. Except for TPC Limited and Transmara Sugar Company Limited, which are incorporated in the Republic of Tanzania and Kenya respectively, all the subsidiaries are incorporated in the Republic of Mauritius.

(c) The Group considers that it controls TPC Limited and Transmara Sugar Company Limited even though it owns less than 50% of the voting right. This is because the Group has the power over the investees in that it has existing rights that give it the ability to direct the relevant activities and also the power over the investees to affect the amounts of the Group's returns.

(d) Details of subsidiaries with material non-controlling interests:

Name	Profit / (loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests at June 30,
	Rs'000	Rs'000
2021		
TPC Limited	**670,529**	**1,582,340**
Transmara Sugar Company Limited	**(21,602)**	**376,505**
2020		
TPC Limited	484,999	1,405,589
Transmara Sugar Company Limited	(224,688)	379,141

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

(i) Summarised statement of financial position:

	TPC Limited	Transmara Sugar Company Limited
2021	**Rs'000**	**Rs'000**
Non-current assets	**2,671,416**	**1,988,548**
Current assets	**3,310,850**	**657,708**
Non-current liabilities	**(1,858,777)**	**(662,850)**
Current liabilities	**(1,246,507)**	**(1,440,892)**
Total equity	**2,876,982**	**542,514**
Equity holders	**1,294,642**	**166,009**
Non-controlling interests	**1,582,340**	**376,505**
	2,876,982	**542,514**

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information on subsidiaries with material non-controlling interests (cont'd)

(i) Summarised statement of financial position (cont'd):

	TPC Limited	Transmara Sugar Company Limited
2020	Rs'000	Rs'000
Non-current assets	2,306,519	1,962,928
Current assets	2,839,923	509,980
Non-current liabilities	(1,494,342)	(783,074)
Current liabilities	(1,096,484)	(1,143,522)
Total equity	2,555,616	546,312
Equity holders of parent	1,150,027	167,171
Non-controlling interests	1,405,589	379,141
	2,555,616	546,312

(ii) Summarised statement of profit or loss and other comprehensive income of TPC Limited:

	2021	2020
	Rs'000	Rs'000
Revenue	**3,739,895**	3,192,243
Operating expenses, including depreciation Rs 165,889k (2020: Rs 193,332).	**(1,868,860)**	(1,903,469)
Other income	**24,029**	29,090
Finance costs, including interest expense Rs 76,729 (2020: Rs 52,302k).	**(76,729)**	(52,302)
Profit before tax	**1,818,335**	1,265,562
Taxation	**(599,192)**	(383,745)
Profit for the year (continuing operations)	**1,219,143**	881,817
Profit for the year:		
- attributable to equity holders	**548,614**	396,818
- attributable to non-controlling interests	**670,529**	484,999
	1,219,143	881,817
Other comprehensive income:		
- attributable to equity holders	**532**	5,658
- attributable to non-controlling interests	**650**	6,915
	1,182	12,573
Total comprehensive income:		
- attributable to equity holders	**549,146**	402,476
- attributable to non-controlling interests	**671,179**	491,914
	1,220,325	894,390
Dividend paid to non-controlling interests	**(270,065)**	(240,563)
Net cash inflow from operating activities	**1,502,990**	770,237
Net cash outflow from investing activities	**(435,311)**	(206,273)
Net cash outflow from financing activities	**(957,724)**	(825,757)
Net cash inflow / (outflow)	**109,955**	(261,793)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information on subsidiaries with material non-controlling interests (cont'd)

(iii) Summarised statement of profit or loss and other comprehensive income of Transmara Sugar Company Limited:

	2021	2020
	Rs'000	Rs'000
Revenue	2,730,641	1,911,900
Operating expenses, including depreciation Rs 216,875 (2020: Rs 187,109k).	(2,584,221)	(2,066,402)
Other income	52,453	49,690
Finance costs, including interest expense Rs 171,446 (2020: 176,754k).	(173,765)	(179,078)
Profit/(loss) before tax	25,108	(283,890)
Taxation	(56,235)	(39,868)
Loss for the year (continuing operations)	(31,127)	(323,758)
Loss for the year:		
- attributable to equity holders	(9,525)	(99,070)
- attributable to non-controlling interests	(21,602)	(224,688)
	(31,127)	(323,758)
Total comprehensive loss:		
- attributable to equity holders	(9,525)	(99,070)
- attributable to non-controlling interests	(21,602)	(224,688)
	(31,127)	(323,758)
Net cash inflow /(outflow) from operating activities	255,246	(33,708)
Net cash outflow from investing activities	(181,970)	(137,397)
Net cash (outflow) / inflow from financing activities	(153,586)	42,774
Net cash outflow	(80,310)	(128,331)

(f) Accounting policy

Subsidiaries are all entities (including structured 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.

The Company

Investment in subsidiaries is initially measured at cost and subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the fair value reserves until the investment is derecognised, at which time, the cumulative gain or loss is transferred from fair value reserves to retained earnings.

The Group

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.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Accounting policy (cont'd)

The Group (cont'd)

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

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. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. 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 fair value reserve are not transferred to retained earnings.

9. INVESTMENT IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	18,878	67,455	39,975	120,404
Additions during the year	50,000	-	50,000	-
Share of loss for the year	(63,603)	(18,516)	-	-
Share of movement in other reserves	(11,116)	(30,061)	-	-
Fair value movement	-	-	9,660	(80,429)
At June 30,	(5,841)	18,878	99,635	39,975
Investment in joint ventures is analysed as follows:				
Equity instruments	15,347	18,787	99,635	39,975
Trade and other payables*	(21,188)	-	-	-
	(5,841)	18,787	99,635	39,975

9. INVESTMENT IN JOINT VENTURES (CONT'D)

During the year, the Company and Group injected Rs 50m in Anahita Residences & Villas Limited.

*The Group also has a legal or constructive obligation to make good of the liabilities of the joint ventures. This obligation is recognised in trade and other payables in the statements of financial position.

(a) The Company has effective interest in the following joint ventures. The financial statements used for all joint ventures are in respect of the year ended June 30, 2021.

Name	Activity	2021	2020
		Direct	Direct
		%	%
Helios Beau Champ Limited	Solar energy	**49.00**	49.00
Domaine de l'Etoile Ltd	Leisure	**50.00**	50.00
Anahita Residences & Villas Limited	Hospitality	**50.00**	50.00

(b) The following amounts represent the assets, liabilities, revenue and results of the joint ventures:

	Helios Beau Champ Limited	Domaine de l'Etoile Ltd	Anahita Residences & Villas Limited
2021	Rs'000	Rs'000	Rs'000
Non-current assets	**352,430**	**360**	**560,386**
Current assets	**42,511**	**243**	**35,615**
Non-current liabilities	**(394,795)**	**-**	**(430,771)**
Current liabilities	**(37,357)**	**(6,513)**	**(134,536)**
Equity	**(37,211)**	**(5,910)**	**30,694**
Carrying amount of the investment	**(18,233)**	**(2,955)**	**15,347**

	Helios Beau Champ Limited	Domaine de l'Etoile Ltd	Anahita Residences & Villas Limited
2020	Rs'000	Rs'000	Rs'000
Non-current assets	372,606	424	555,883
Current assets	26,280	1,474	19,475
Non-current liabilities	(398,463)	-	(344,365)
Current liabilities	(20,577)	(7,648)	(167,737)
Equity	(20,154)	(5,750)	63,256
Carrying amount of the investment	(9,875)	(2,875)	31,628

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENT IN JOINT VENTURES (CONT'D)

(b) The following amounts represent the assets, liabilities, revenue and results of the joint ventures (cont'd):

Summarised statement of profit or loss and other comprehensive income of Helios Beau Champ Limited	2021	2020
	Rs'000	Rs'000
Revenue	**61,073**	56,624
Cost of sales, including depreciation Rs 20,176k (2020: Rs 20,232k)	**(26,361)**	(25,533)
Other operating income	**215**	9,613
Operating expenses	**(1,405)**	(2,603)
Finance costs, including interest expense Rs 22,837k (2020: Rs 21,380k)	**(22,837)**	(12,090)
Profit before tax	**10,685**	26,011
Taxation	**(1,739)**	(2,552)
Profit for the year (continuing operations)	**8,946**	23,459
Other comprehensive loss for the year	**(26,002)**	(56,122)
Total comprehensive loss for the year (continuing operations)	**(17,056)**	(32,663)
Share of profit for the year	**4,384**	11,495

Summarised statement of profit or loss and other comprehensive income of Domaine de L'Etoile Ltd	2021	2020
	Rs'000	Rs'000
Revenue	**-**	2,182
Cost of sales	**-**	(1,383)
Operating expenses, including depreciation Rs 64k (2020: Rs 64k)	**(121)**	(846)
Finance costs, including interest expense Rs 36k (2020: Rs27k)	**(36)**	(39)
Loss profit before tax	**(157)**	(86)
Loss for the year (continuing operations)	**(157)**	(86)
Total comprehensive loss for the year (continuing operations)	**(157)**	(86)
Share of loss for the year	**(79)**	(43)

Summarised statement of profit or loss and other comprehensive income of Anahita Residences & Villas Limited	2021	2020
	Rs'000	Rs'000
Revenue	**33,503**	305,781
Cost of sales	**(37,254)**	(238,948)
Operating expenses, including depreciation Rs 33,360k (2020: Rs 29,646k)	**(136,178)**	(96,098)
Other income	**23,138**	28,383
Finance costs, including interest expense Rs 19,024k (2020: Rs 21,044k)	**(19,024)**	(46,940)
Loss before tax	**(135,815)**	(47,822)
Taxation	**-**	(12,113)
Loss for the year (continuing operations)	**(135,815)**	(59,935)
Other comprehensive income/(loss) for the year	**3,252**	(5,123)
Total comprehensive loss for the year (continuing operations)	**(132,563)**	(65,058)
Share of loss for the year	**(67,908)**	(29,968)

(c) Accounting policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Company

Investment in joint ventures are initially measured at cost and subsequently measured at fair value, with unrealised gains or losses recognised in the statements of other comprehensive income and credited to the fair value reserves until the investment is derecognised, at which time, the cumulative gain or loss is transferred from fair value reserves to retained earnings.

The Group

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

9. INVESTMENT IN JOINT VENTURES (CONT'D)

(c) Accounting policy (cont'd)

The Group (cont'd)

The statements of profit or loss reflect the Group's share of the results of operations of the joint venture. Any change in OCI is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's share of losses exceeds its interests in a joint venture, the Group discontinues recognising further losses, unless it has a legal or constructive obligation to make payments on behalf of the joint venture.

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of results of joint venture' in the statements of profit or loss.

Upon loss of the joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statements of profit or loss.

10. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Share of net assets	**22,776**	23,606	**-**	-
(b) At July 1,	**23,606**	25,541	**5,750**	11,580
Share of profit for the year	**2,523**	3,512	**-**	-
Dividends	**(2,522)**	(5,045)	**-**	-
Movement in reserves	**(831)**	(402)	**-**	-
Fair value movement	**-**	-	**513**	(5,830)
At June 30,	**22,776**	23,606	**6,263**	5,750

(c) Information unaudited financial statements presented in aggregate for the associates that are not individually significant:

	2021	2020
	Rs'000	Rs'000
Non-current assets	**3,880**	5,216
Current assets	**44,787**	47,191
Current liabilities	**(12,128)**	(15,355)
Non-current liabilities	**(2,962)**	(1,653)
Net assets	**33,577**	35,399
Share of net assets of the associates	**22,776**	23,606
Revenue	**23,673**	49,090
Profit for the year	**6,158**	8,047
Total comprehensive income for the year	**4,179**	7,089
Group's share of profit for the year - continuing operations	**2,523**	3,512
Group's share of other comprehensive loss for the year	**(832)**	(402)
Group's share of total comprehensive income for the year	**1,691**	3,110

10. INVESTMENT IN ASSOCIATES (CONT'D)

(d) The following companies are associates of Alteo Limited:

Name	Year end	Nature of activities	Country of incorporation	Proportion of effective ownership
2021				%
AMCO Solutions Ltd (formely Alcohol & Molasses Export Limited)	**June 30**	**Logistics & procurement**	**Mauritius**	**42.03**
Galerie Adamah Fine Arts Ltd	**June 30**	**Art gallery**	**Mauritius**	**50.00**
2020				
Alcohol & Molasses Export Limited	June 30	Logistics & procurement	Mauritius	42.03
Galerie Adamah Fine Arts Ltd	June 30	Art gallery	Mauritius	50.00

(e) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

Name	Net assets at July 1,	Profit the year	Adjustment*	Dividend	Other comprehensive income	Net assets at June 30,	Ownership interest	Interest in associates	Goodwill	Carrying value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
2021										
AMCO Solutions Ltd (formely Alcohol & Molasses Export Limited)	**15,902**	**6,968**	**-**	**(6,000)**	**(1,976)**	**14,894**	**42.03**	**6,260**	**7,173**	**13,433**
Galerie Adamah Fine Arts Ltd	**19,497**	**(811)**	**-**	**-**	**-**	**18,686**	**50.00**	**9,343**	**-**	**9,343**
Total	**35,399**	**6,157**	**-**	**(6,000)**	**(1,976)**	**33,580**		**15,603**	**7,173**	**22,776**
2020										
Alcohol & Molasses Export Limited	22,424	9,822	(3,386)	(12,000)	(958)	15,902	42.03	6,684	7,173	13,857
Galerie Adamah Fine Arts Ltd	17,886	1,070	541	-	-	19,497	50.00	9,749	-	9,749
Total	40,310	10,892	(2,845)	(12,000)	(958)	35,399		16,433	7,173	23,606

*Adjustment relates to the difference between the audited financial statements of the associates and the management accounts used in the Group accounts in the previous year.

10. INVESTMENT IN ASSOCIATES (CONT'D)

(f) Accounting policy

An associate is an entity over which the Group has significant influence . Significant influence is the power to participate in the financial and operations of policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over a subsidiary.

The Company

Investment in associates are initially measured at cost and subsequently measured at fair value, with unrealised gains or losses recognised in the statement of other comprehensive income and credited to the fair value reserve until the investment is derecognised, at which time, the cumulative gain or loss is transferred from fair value reserves to retained earnings.

The Group

Investments in associates are accounted for using the equity method, except when classified as held for sale.

Investment in associates are initially recorded at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

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 results of the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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

Unrealised profits and losses resulting from transactions are eliminated to the extent of the Group's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared for the same reporting period as the Group .Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in other comprehensive income are reclassified to profit or loss where appropriate. Dilution gains and losses arising in investment in associates are recognised in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	THE GROUP			
				2021
THE GROUP		**Level 1**	**Level 3**	
	LISTED	**DEM MARKET**	**UNQUOTED**	**TOTAL**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At July 1,	**22**	**710**	**8,395**	**9,127**
Fair value movement	**-**	**184**	**(4,993)**	**(4,809)**
At June 30,	**22**	**894**	**3,402**	**4,318**

	THE GROUP			
				2020
THE GROUP		Level 1	Level 3	
	LISTED	DEM MARKET	UNQUOTED	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	22	895	8,395	9,312
Fair value movement	-	(185)	-	(185)
At June 30,	22	710	8,395	9,127

All the investments are denominated in Mauritian rupee.

Investment in financial assets designated at fair value through other comprehensive income include the Group's non-strategic equity investments not held for trading. The Group has 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 investments as management intends to hold them for medium to long-term. Financial assets at fair value through OCI are initially measured at cost and subsequently measured at fair value, with unrealised gains or losses recognised in the statements of other comprehensive income and credited to the revaluation and other reserves until the investment is derecognised, at which time, the cumulative gain or loss is transferred from revaluation and other reserves to retained earnings.

The unquoted investments have been valued on net assets basis based on latest available financial statements. A sensitivity analysis has been disclosed in note 3.1(a)(iii).

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to certain risk relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk. The Group's risk management and strategy and how it is applied to manage risk are explained in note 3.

(a) Derivatives not designated as hedging instruments

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Level 2				
Derivative - Forwards contracts	**(7,238)**	(17,893)	**(7,211)**	-

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(a) Derivatives not designated as hedging instruments (cont'd)

Derivatives not designated as hedging instruments reflect the change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 12 months.

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Group.

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. The Company has credit risk exposure to the counter parties of forward contracts. Forward contracts are settled gross and, therefore, considered to bear a high liquidity risk.

Valuation technique

Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at June 30, 2021, the derivatives at fair value through profit or loss was fair valued using a closing foreign exchange rate as of June 30, 2021. To the extent that the significant inputs are observable, the Group categorises such instruments as level 2 of the fair value hierarchy.

(b) Derivatives designated as hedging instruments

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Level 2		
Derivative - Cross currency swap	(109,246)	(56,700)
Derivative - Forward contracts	(6,339)	-
	(115,585)	(56,700)

Cash flow hedge - Foreign currency risk

At June 30, 2021, the Group had a cross currency rate swap transaction in place with a notional amount of Rs 772.8m at an agreed foreign exchange rate of USD/MUR 36.80. The swap is designated as a hedging instrument in cash flow hedges to hedge the exposure to changes in the foreign exchange rate in Sucriere des Mascareignes Limited whose reporting currency is in USD. The carrying amount of the hedged item, which is a MUR bank loan, at June 30, 2021 is Rs 772.8m and is reported under loans and borrowings in the statements of financial position.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross-currency rate swap creates a translation risk that will match the foreign exchange risk on the MUR loan borrowing in Sucrière des Mascareignes Limited. The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the foreign exchange is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risks.

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(b) Derivatives designated as hedging instruments (cont'd)

Forward contracts

At June 30, 2021, forward covers with notional amount of EUR 2m were designated as hedging instruments in cash flow hedges of revenue from sale of villas in Euro. These transactions are unrecognised firm commitments. The economic relationship between the hedged item and the hedging instrument was such that the terms of the foreign exchange matched the terms of the firm commitment (i.e., notional amount and expected payment date). The Group had established a hedge ratio of 1:1 for the heding relationships as the underlying risk of the foreign exchange were identical to the hedged risk components. The carrying amount of the hedged item at June 30, 2021 is Rs 25.6m and is reported under contract liabilities in the statements of financial position.

The impact of hedging on the cash flow hedge reserves in equity is as follows:	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	-	-
Effective portion of change in fair value	(5,374)	-
Reclassified from equity to profit or loss	1,078	-
At June 30,	(4,296)	-

The amount reclassified from equity to profit or loss is recognised as "fair value gain/(loss) on derivatives" in the statements of profit or loss.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Derivative - Cross currency swap	-	-	460,000	312,800	772,800
Derivative - Forward contracts	94,182	-	-	-	94,182
Average forward rate (MUR/EUR)	46.88	-	-	-	-

13. FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	213,288	175,552	203,947	38,354
Additional farmers' loan provided	7,041	23,260	-	-
Additional funds provided to related parties	-	1,591	14,043	188,013
Repayment from related parties	-	-	(12,527)	(8,157)
Transfer to investment in subsidiaries (note 8)	-	-	-	(14,263)
Exchange difference	11,602	12,885	1,195	-
At June 30,	231,931	213,288	206,658	203,947

The carrying amounts of financial assets approximate their fair value.

13. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

The Company

The Company adopted the simplified approach in calculating ECL for non-current financial assets.

The Group

The Group adopted the simplified approach in calculating ECL for non-current financial assets. An ECL allowance of Rs 2.2m (2020: Rs 518k) has been booked.

Reconciliation of allowance for expected credit losses on farmers' loan:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**17,694**	15,914
Movement in allowance for expected credit losses	**(2,112)**	518
Exchange difference	**878**	1,262
At June 30,	**16,460**	17,694

(a) Accounting policy

Financial assets at amortised cost consist of long-term loans provided to joint ventures and farmers. They are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

14. DEFERRED INCOME TAXES

THE GROUP

Deferred income taxes are calculated on all temporary differences under the liability methods at 5% / 17% / 25% for the Group (2020: 5% / 17% / 25%), and 17% for the Company (2020: 17%). Deferred income tax assets and liabilities are offset when the income taxes relate to the same fiscal authority.

(a) The following amounts are disclosed in the statements of financial position as follows:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Deferred tax assets	**(28,678)**	(66,595)
Deferred tax liabilities	**1,189,123**	998,420
	1,160,445	931,825

	2021	2020
Movement in deferred income tax	**Rs'000**	Rs'000
At July 1,	**931,825**	756,571
Charged to profit or loss (note 19(b))	**158,903**	86,964
Debited to other comprehensive income	**450**	1,807
Exchange difference	**69,267**	86,483
At June 30,	**1,160,445**	931,825

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YEAR ENDED JUNE 30, 2021

14. DEFERRED INCOME TAXES (CONTINUED)

(b) Deferred tax assets and liabilities and deferred tax charged / (credited) are attributable to the following items:

THE GROUP	**Accumulated tax depreciation**	**Tax losses carried forward**	**Employee benefit liabilities**	**Consumable biological assets**	**Provision for doubtful debts**	**Other timing differences***	**Total**
Deferred tax assets	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At July 1, 2020	**361,120**	**(389,986)**	**(4,943)**	**-**	**(21,984)**	**(10,802)**	**(66,595)**
(Credited) / charged to profit or loss	**34,804**	**9,296**	**(1,516)**	**-**	**683**	**(2,638)**	**40,629**
Credited to other comprehensive income	**-**	**-**	**(586)**	**-**	**-**	**-**	**(586)**
Exchange difference	**19,467**	**(19,830)**	**(28)**	**-**	**(1,114)**	**(621)**	**(2,126)**
At June 30, 2021	**415,391**	**(400,520)**	**(7,073)**	**-**	**(22,415)**	**(14,061)**	**(28,678)**

THE GROUP	**Accumulated tax depreciation**	**Tax losses carried forward**	**Employee benefit liabilities**	**Consumable biological assets**	**Provision for doubtful debts**	**Other timing differences***	**Total**
Deferred tax liabilities	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At July 1, 2020	**370,043**	**16,733**	**(48,831)**	**681,349**	**-**	**(20,874)**	**998,420**
(Credited) / charged to profit or loss	**28,865**	**(16,734)**	**2,798**	**109,077**	**-**	**(5,732)**	**118,274**
Credited to other comprehensive income	**-**	**-**	**1,036**	**-**	**-**	**-**	**1,036**
Exchange difference	**25,857**	**-**	**(2,469)**	**47,982**	**-**	**23**	**71,393**
At June 30, 2021	**424,765**	**(1)**	**(47,466)**	**838,408**	**-**	**(26,583)**	**1,189,123**

A deferred tax asset has been recognised in respect of Rs 1.334b of tax losses for the Group (2020: Rs 1.557b). No deferred tax asset has been recognised in respect of the remaining tax losses of the Group due to unpredictability of future profit streams.

THE GROUP	Accumulated tax depreciation	Tax losses carried forward	Employee benefit liabilities	Consumable biological assets	Provision for doubtful debts	Other timing differences*	Total
Deferred tax assets	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2019	461,161	(534,434)	(4,680)	-	(21,751)	(9,500)	(109,204)
(Credited) / charged to profit or loss	(130,583)	178,709	469	-	1,426	(530)	49,491
Credited to other comprehensive income	(5)	-	(707)	-	-	-	(712)
Exchange difference	30,547	(34,261)	(25)	-	(1,659)	(772)	(6,170)
At June 30, 2020	361,120	(389,986)	(4,943)	-	(21,984)	(10,802)	(66,595)

THE GROUP	Accumulated tax depreciation	Tax losses carried forward	Employee benefit liabilities	Consumable biological assets	Provision for doubtful debts	Other timing differences*	Total
Deferred tax liabilities	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2019	330,711	14,707	(48,323)	533,899	-	34,781	865,775
(Credited) / charged to profit or loss	4,774	2,026	(277)	85,208	-	(54,905)	36,826
Credited to other comprehensive income	-		3,591	-	-	-	3,591
Exchange difference	34,558	-	(3,822)	62,242		(750)	92,228
At June 30, 2020	370,043	16,733	(48,831)	681,349	-	(20,874)	998,420

* Other timing differences include, assets revaluations, stock provisions and unrealised exchange differrences.

Deferred tax assets and liabilities have been presented separately for clarity and the comparative was amended accordingly.

14. DEFERRED INCOME TAXES (CONT'D)

(c) Accounting policy

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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.

15. INVENTORIES

	THE GROUP	
	2021	2020
Cost	**Rs'000**	Rs'000
Raw materials and spare parts	**1,106,023**	971,027
Coal	**101,594**	45,679
Goods for resale	**21,275**	4,377
Construction in progress (note 15 (a))	**859,841**	797,206
Total	**2,088,733**	1,818,289

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15. INVENTORIES (CONT'D)

(a) Construction in progress relates to the overall infrastructure costs of the northern parcels and villas under construction at Anahita, a high-end residential estate developed under the Integrated Resort Scheme ("IRS") and land development on the land bank of the Group. This component includes land costs. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(b) The cost of inventories recognised as expense and included in operating expenses amounted to Rs 3.9 bn (2020: Rs 3.4bn) for the Group.

(c) Borrowings are secured by floating charges on the assets of the Group, including inventories (note 22).

(d) During the year Rs 24.6m of spare parts was impaired (refer to note 41).

(e) Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing each item of inventory to its present location and condition are accounted for using 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 interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

Land and villas being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and measured at the lower of cost and net realisable value. Cost incurred in bringing each item of inventory to its present location and condition are accounted for using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Inventories include the stock of land for sale and work in progress which relates to construction incurred in respect of IRS villas and land development projects. Whenever the net realisable value of inventories and work-in-progress is less than the cost price, impairment losses are recognised.

16. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP	
	2021	2020
Level 3	**Rs'000**	Rs'000
At July 1,	**2,383,372**	2,194,416
Expenditure for the year	**9,749**	-
Increase/(decrease) in fair value		
-Due to harvest and sales	**(2,425,545)**	(2,261,852)
-Due to biological transformation	**2,953,742**	2,259,178
Exchange difference	**148,262**	191,630
At June 30,	**3,069,580**	2,383,372

At June 30, 2021, standing canes comprised approximately 14,973 hectares of cane plantations (2020: 15,719 hectares) for the Group.

During the year, the Group harvested approximately 1,569,453 tonnes of canes (2020: 1,656,741 tonnes).

(a) Accounting policy

Consumable biological assets are measured by the fair value of standing canes. The fair value has been arrived at by determining the present value of expected net cash flows discounted at the relevant market determined pre-tax rate. The expected cash flows have been computed by estimating the expected crop, the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming years. Harvesting costs and other direct costs are based on yearly budgets.

Standing canes have been measured at fair value. The fair value of the living plants is the present value of expected net cash flows from the standing canes discounted at the relevant market-determined pre-tax rate.

16. CONSUMABLE BIOLOGICAL ASSETS (CONT'D)

(b) THE GROUP

	Fair value at June 30,	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
	Rs'000				Rs'000
2021					
Standing cane	**3,069,580**	**Discount rate**	**3.16% - 11.38%**	**1%**	**(8,716)**
		Price of sugar	**Rs 14,500 - Rs 30,449**	**5%**	**176,990**
		Extraction rate	**10% - 10.05%**	**1%**	**366,381**
		Estimated cane production in metric tonnes	**1,584,230**	**5%**	**164,693**
2020					
Standing cane	2,383,372	Discount rate	4.06% - 13.92%	1%	(7,673)
		Price of sugar	Rs 11,500 - Rs 27,966	5%	154,414
		Extraction rate	9.89% - 10.15%	1%	312,295
		Estimated cane production in metric tonnes	1,656,033	5%	115,379

Other disclosures

Standing canes were not pledged as security for any of the Group's loans or borrowings during the year (2020: None). At June 30, 2021, the Group had no commitments in relation to its standing canes (2020: Nil). No government grants were received in relation to the Group's agricultural activities during the year (2020: Nil).

Financial risk management strategies

The Group is exposed to risks arising from environmental changes, changes in sugar prices as well as the financial risk in respect of agricultural activity.

- The Group manages environmental risks, such as droughts, floods and disease outbreak through insurance cover with the Sugar Insurance Fund Board.
- The Group's exposure to fluctuations in the sugar prices and sales volume is managed by the Mauritius Sugar Syndicate that hedges the risks through forward sales.
  During the year, the Group received a compensation of Rs 44.8m from the Sugar Insurance Fund Board following adverse climatic conditions on sugar cane.

17. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**841,454**	850,781	**-**	-
Prepayments	**49,672**	50,169	**1,080**	950
Other receivables	**541,683**	572,197	**2,846**	128
Farmers' loan	**87,038**	102,043	**-**	-
Receivable from related companies				
- subsidiaries	**-**	-	**6,779**	229,256
- associates	**-**	-	**2,522**	-
- joint ventures	**81,516**	27,481	**3,260**	3,008
- companies with common directors	**18,250**	16,862	**-**	-
	1,619,613	1,619,533	**16,487**	233,342

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

17. TRADE AND OTHER RECEIVABLES (CONT'D)

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

(a) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(b) The Group has performed an impairment assessment on its trade and other receivables. An additional ECL allowance of Rs. 5.3 m (2020: Rs 12.2m) was recognised against trade and other receivables.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. At June 30, 2021, the Group had 1 customer (2020: 1 customer) with balances greater than Rs 100 million accounting for just over 25% (2020: 28%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 3.1. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(c) The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian rupee	**961,550**	941,048	**16,236**	40,920
Tanzanian shilling	**286,437**	270,211	**-**	-
Kenyan shilling	**216,392**	246,595	**-**	-
US dollar	**62,343**	24,395	**251**	192,422
Euro	**86,617**	135,346	**-**	-
Great Britain Pound	**4,694**	379	**-**	-
South African rand	**1,580**	1,559	**-**	-
	1,619,613	1,619,533	**16,487**	233,342

(d) Reconciliation of allowance for expected credit losses trade and other receivables:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**70,646**	52,295
Movement in allowance for expected credit losses	**7,464**	12,335
Exchange difference	**(4,874)**	6,016
At June 30,	**73,236**	70,646

ECL on trade and other receivables consists of trade receivables, other receivables and farmers' loans amounting to Rs 9m, Rs 28m and Rs 36m respectively.

18. CONTRACT ASSETS

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**81,353**	102,514
Amount billed during the year	**(81,353)**	(102,514)
Amount recognised to revenue	**53,866**	81,353
At June 30,	**53,866**	81,353

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

18. CONTRACT ASSETS (CONT'D)

(a) Accounting policies

Contract assets are initially recognized for revenue earned from villas under construction rendered but yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are ultimately reclassified to trade and other receivables. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 2(e).

19. TAXATION

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
(a) Statement of financial position	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At July 1,	**55,488**	123,983	**309**	-
Movement during the year:				
Current tax on the adjusted profit for the year				
3%/15%/25% (2020: 3% / 15% / 25%)	**541,552**	392,473	**-**	1,224
CSR - 2% (2020: 2%)	**3,434**	6,326	**-**	-
Withholding tax	**116,041**	99,975	**-**	-
Tax refund	**-**	1,045	**-**	-
Tax paid	**(626,252)**	(568,664)	**(153)**	-
Accumulated losses used	**(69)**	(4,289)	**-**	(915)
Under/(over) provision	**9,468**	(1,425)	**(156)**	-
Exchange difference	**2,828**	6,064	**-**	-
At June 30,	**102,490**	55,488	**-**	309
Disclosed as follows:				
Current tax assets	**(3,797)**	(3,502)	**-**	-
Current tax liabilities	**106,287**	58,990	**-**	309
	102,490	55,488	**-**	309

(b) Statement of profit or loss	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year				
3%/15%/25% (2020: 3% / 15% / 25%)	**541,552**	392,473	**-**	1,224
CSR - 2% (2020: 2%)	**3,434**	6,326	**-**	-
Withholding tax	**116,041**	99,975	**-**	-
Deferred tax (note 14(a))	**158,903**	86,964	**-**	-
TDS	**-**	(82)	**-**	-
Accumulated losses used	**(69)**	(4,289)	**-**	(915)
Under/(over) provision	**9,468**	(1,425)	**(156)**	-
Tax charge for the year	**829,329**	579,942	**(156)**	309

19. TAXATION (CONT'D)

(c) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic rate of the Group as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit / (loss) before taxation	**2,693,217**	802,091	**272,216**	232,182
Tax at 3%/15%/30%for the Group (2020: 3% / 15% / 25%)	**808,377**	567,733	**40,832**	34,827
CSR - 2% (2020: 2%)	**13,144**	5,051	**5,444**	-
Withholding tax	**81,236**	99,975	**-**	-
Income not subject to tax	**(136,896)**	(203,021)	**(69,669)**	(58,220)
Expenses not deductible for tax purposes	**196,676**	233,004	**23,393**	24,617
Tax losses for which no deferred tax was recognised	**-**	20,868	**-**	-
TDS	**-**	(82)	**-**	-
Tax credit	**(117,320)**	(114,865)	**-**	-
Accumulated tax losses utilised	**(15,954)**	(4,289)	**-**	(915)
(Over) / under provision	**66**	(24,432)	**(156)**	-
Total taxation	**829,329**	579,942	**(156)**	309

(d) The Mauritius Revenue Authority (MRA) has a claim against Alteo Agri Ltd regarding taxation unpaid on deemed interest on the loans receivable from its subsidiaries for the years 2007 to 2010, to which it is not agreeable. The claim against Alteo Agri Ltd, including penalty charges, amounts to Rs55.6m.

The company is of the opinion that the tax liability will not crystallise in the foreseeable future since it has strong support based on legal and tax advice.

(e) TPC Limited has been assessed by the TRA in respect of withholding tax not deducted on payments made to foreign companies. TRA's claim amounted to a principal amount of Rs 7.5m (TZS 422m) and interest of Rs 1.6m (TZS 90m) which represents mainly payments made to companies in South Africa where there is a double taxation agreement (DTA) in place with Tanzania. TRA's interpretation of the DTA differs from the company and its tax advisors and as such the company has submitted a statement of appeal to TRA's final assessment as it feels that it has a valid case to rebut this claim.

TRA assessed the company on withholding tax not deducted on dividend payments made to the Government of United Republic of Tanzania. TRA's claims amounted to a principal tax of Rs 27m (TZS 1.5bn) and interest for late payment of tax of Rs 2.7m (TZS 148m). TRA's interpretation of the tax to be withheld differs from the Company's and its tax advisors and as such has submitted an objection to TRA's final assessment as it feels that is has valid case to rebut the claim.

On March 30, 2021, the Company received withholding tax assessment from the TRA that relates to WHT on non-resident service fees for the year 2019. A sum of Rs 5.8m (TZS 325m) is being claimed. The Company has objected against this assessment and paid one-third of the claimed amount for the admission of notice of objection.

(f) The Mauritius Revenue Authority (MRA) has a claim against Anahita Estates Limited regarding taxation unpaid on deemed interest on the long term loan receivable from its subsidiary, Anahita Golf Ltd for the years 2007 to 2010 to which Anahita Estates Limited is not agreeable. The claim, including penalty charges, amounts to Rs 20.4m. The case is still pending as at date.

20. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2021		2020	
Issued and fully paid				
Ordinary shares of no par value	**Number of shares**	**Rs'000**	Number of shares	Rs'000
At June 30,	**318,492,120**	**21,855,045**	318,492,120	21,855,045

20. SHARE CAPITAL (CONT'D)

(a) Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

21. REVALUATION AND OTHER RESERVES

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Revaluation and other reserves may be analysed as follows:		
Associates and joint ventures reserves		
At July 1,	**(26,085)**	4,379
Movement in other reserves of joint venture and associates	**(11,947)**	(30,464)
At June 30,	**(38,032)**	(26,085)
Revaluation surplus		
At July 1,	**(4,605,309)**	(4,900,457)
Fair value gain on land at fair value	**-**	336,015
Transfer of fair value reserve to retained earnings upon disposal of land	**(9,331)**	(40,867)
At June 30,	**(4,614,640)**	(4,605,309)
Hedge reserves		
At July 1,	**-**	-
Movement in cross currency swap	**(4,682)**	-
At June 30,	**(4,682)**	-
Fair value reserves on investment		
At July 1,	**(185)**	-
Loss on financial assets at fair value through OCI	**(4,809)**	(185)
At June 30,	**(4,994)**	(185)
Translation reserves		
At July 1,	**(368,417)**	(541,979)
Movement in translation reserve arising on retranslation of foreign subsidiaries	**117,321**	173,562
At June 30,	**(251,096)**	(368,417)
Actuarial (gains) / losses reserves		
At July 1,	**(611,975)**	(460,149)
Remeasurement of post employment benefit obligations	**151,800**	(151,826)
At June 30,	**(460,175)**	(611,975)
At June 30,	**(5,373,619)**	(5,611,971)

Associates and joint ventures reserves

The associates and joint ventures reserves relate to the Group's share of associates' and joint ventures' reserves.

Revaluation surplus

The revaluation surplus relates to the revaluation of land. The movements in revaluation surplus relate to the disposal of revalued land upon which the revaluation surplus on land disposed is transferred to retained earnings.

In September 2017, the Board of Alteo Limited adopted a scheme of arrangement which led to the capitalisation of the revaluation reserves of Rs 10bn at Group level as part of its share capital of Alteo Limited. This transaction did not result in any change in the stake of the shareholders on the equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

21. REVALUATION AND OTHER RESERVES (CONTINUED)

Hedge reserves

The hedge reserve comprises the effective portion of the cummulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserves on investment

Fair value reserves comprise the cumulative net change in the fair value of financial assets at fair value through OCI that has been recognised in other comprehensive income until the investments are derecognised.

Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Actuarial reserves

Actuarial reserves comprise of movement in employee benefit assets and liabilities.

22. LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Bank overdrafts (note 35(b))	**961,886**	1,632,034	**-**	2,338
Loans at call	**-**	-	**201,016**	171,412
Money market deal (note 35(b))	**44**	99,997	**-**	-
Bank loans (note 22(a))	**1,046,260**	587,296	**-**	-
Lease liabilities (note 22(c))	**78,129**	58,620	**7,913**	7,825
Debentures (note 22(d))	**500,000**	50,000	**500,000**	50,000
	2,586,319	2,427,947	**708,929**	231,575
Non-current				
Bank loans (notes 22(a) and 22(b))	**3,459,835**	3,517,961	**-**	-
Lease liabilities (note 22(c))	**257,800**	101,270	**30,147**	13,858
Debentures (note 22(d))	**950,000**	1,450,000	**950,000**	1,450,000
Loans from shareholders (note 22(a))	**29,927**	29,927	**-**	-
	4,697,562	5,099,158	**980,147**	1,463,858
Total borrowings	**7,283,881**	7,527,105	**1,689,076**	1,695,433

(a) The bank loans and bank overdrafts are secured by floating charges on the Group's assets. Money market deals and loans at call are unsecured and are from other related parties. Loans from shareholders are unsecured and repayable at the discretion of the Group. Debentures issued are secured by fixed charges on the Group's freehold land.

22. LOANS AND BORROWINGS (CONTINUED)

(b) Bank loans

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
The maturity of non-current bank loans are as follows:		
- After one year and before two years	**758,084**	501,543
- After two years and before five years	**2,271,831**	2,772,593
- After five years	**429,920**	243,825
	3,459,835	3,517,961

(c) Lease liabilities

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Minimum lease payments				
Not later than one year	**92,429**	66,966	**9,592**	8,825
After one year and before two years	**76,755**	45,307	**9,710**	3,601
After two years and before five years	**148,536**	54,802	**13,030**	3,611
After five years	**113,557**	60,463	**54,445**	48,961
Future finance charges on lease liabilities	**(95,348)**	(67,648)	**(48,717)**	(43,315)
Present value of lease liabilities	**335,929**	159,890	**38,060**	21,683

The present value of lease liabilities may be analysed as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Not later than one year	**78,129**	58,620	**7,913**	7,825
After one year and before two years	**65,852**	39,844	**8,156**	2,616
After two years and before five years	**130,815**	47,373	**11,065**	1,418
After five years	**61,133**	14,053	**10,926**	9,824
	335,929	159,890	**38,060**	21,683

The lease liabilities bear interest rates between 4.25% and 6.10% (2020: 6.75% and 7.87%) per annum. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

22. LOANS AND BORROWINGS (CONT'D)

(d) Debentures

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Secured debentures:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At 6% fixed interest redeemable on April 24, 2021	**-**	50,000	**-**	50,000
At 4.27% fixed interest redeemable on May 27, 2022	**500,000**	500,000	**500,000**	500,000
At 5% / 5.15% fixed interest redeemable on May 22, 2024	**499,995**	499,995	**499,995**	499,995
At 5.35% / 5.5% fixed interest redeemable on May 24, 2026	**450,005**	450,005	**450,005**	450,005
	1,450,000	1,500,000	**1,450,000**	1,500,000

(e) The effective interest rates at the reporting date were as follows:

	2021					2020				
	MUR	**EURO**	**USD**	**TZS**	**KSH**	MUR	EURO	USD	TZS	KSH
THE GROUP	**%**	**%**	**%**	**%**	**%**	%	%	%	%	%
Bank overdrafts	**4.10% - 4.35%**	**N/A**	**3.68%- 8.44%**	**12.00%**	**8.44% - 11.5 %**	4.05 - 7.25%	N/A	3.25% - 10%	12.00%	10% - 13 %
Bank borrowings	**3.83% - 4.10%**	**5.00%**	**3.0% - 4.85%**	**10% - 12.5%**	**4% - 12%**	3.85% - 7.25%	5%	5.61% - 6.81%	10% - 12.5%	4% - 13%
Loans at call	**2.90%**	**N/A**	**N/A**	**N/A**	**N/A**	2.70%	N/A	N/A	N/A	N/A
Debentures	**4.27% - 6%**	**N/A**	**N/A**	**N/A**	**N/A**	4.27% - 6%	N/A	N/A	N/A	N/A
Lease liabilities	**4.25% - 6.10%**	**N/A**	**N/A**	**10%**	**13%**	4.25% - 7.27%	N/A	N/A	10%	13%

	2021					2020				
	MUR	**EURO**	**USD**	**TZS**	**KSH**	MUR	EURO	USD	TZS	KSH
THE COMPANY	**%**	**%**	**%**	**%**	**%**	%	%	%	%	%
Bank overdrafts	**4.10%**	**N/A**	**N/A**	**N/A**	**N/A**	4.10%	N/A	N/A	N/A	N/A
Bank borrowings	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A
Debentures	**4.27% - 6%**	**N/A**	**N/A**	**N/A**	**N/A**	4.27% - 6%	N/A	N/A	N/A	N/A
Lease liabilities	**4.25%- 5.75%**	**N/A**	**N/A**	**N/A**	**N/A**	4.25%- 5.75%	N/A	N/A	N/A	N/A

(f) The carrying amounts of the Group's loans and borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian rupee (MUR)	**3,302,918**	3,415,728	**1,689,076**	1,695,433
Euro (EUR)	**52,924**	51,576	**-**	-
US dollar (USD)	**1,391,949**	1,592,452	**-**	-
Tanzanian shilling (TZS)	**963,971**	940,730	**-**	-
Kenyan shilling (KSH)	**1,572,119**	1,526,619	**-**	-
	7,283,881	7,527,105	**1,689,076**	1,695,433

22. LOANS AND BORROWINGS (CONT'D)

(g) To finance its operating activities, the Group issued loan notes against a total consideration of Rs 1.5bn , repayable on following terms:

- Rs 50m loan notes at a fixed interest rate of 6%, repayable in one bullet in May 2021
- Rs 500m loan notes at a fixed interest rate of 4.27%, repayable in one bullet in May 2022
- Rs 500m loan notes at a fixed interest rate of 5% / 5.15%, repayable in one bullet in May 2024
- Rs 450m loan notes at a fixed interest rate of 5.35% / 5.5%, repayable in one bullet in May 2026.

23. EMPLOYEE BENEFIT LIABILITIES

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Amounts recognised in the statements of financial position:		
Pension benefits (note 23(a)(ii))	**1,093,268**	1,290,445
Disclosed as follows:		
Non-current assets	**(15,471)**	(606)
Non-current liabilities	**1,108,739**	1,291,051
	1,093,268	1,290,445
Amounts charged to profit or loss:		
- Pension benefits (note 23(a)(v))	**51,198**	50,707
Amounts charged to other comprehensive income:		
- Pension benefits (note 23(a)(vi))	**(167,620)**	163,510

(a) Defined pension benefits

(i) The Group contributes to two defined benefit pension plans, mainly the IBL Pension Fund and the Sugar Insurance Pension Fund. The plans are final salary plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of plans are independently administered by MUA Pension Ltd, Swan Life Ltd and Swan Pension Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2021 by Swan Life Ltd. 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.

The Employee Benefit liability also covers gratuities payable under the Workers' Rights Act 2019. Prior to the implementation of the Portable Retirement Gratuity Fund (PRGF), these benefits are unfunded as at 31 December 2019. Moreover, employees who resign as from 2020, are eligible for a portable gratuity benefit based on service with the employer as from 1 January 2020 and remuneration at exit. The PRGF is administered by the Mauritius Revenue Authorities (MRA). As at 30 June 2020, no contribution towards the fund had been made.

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

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Present value of funded obligations (note 23(a)(iii))	**1,870,230**	2,056,820
Fair value of plan assets (note 23(a)(iv))	**(1,151,455)**	(1,133,724)
	718,775	923,096
Present value of unfunded obligations (note 23(a)(iii))	**374,493**	367,349
Liability in the statement of financial position	**1,093,268**	1,290,445

23. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) Defined pension benefits (cont'd)

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

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

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**1,290,445**	1,156,838
Charged to profit or loss (note 23(a)(v))	**51,199**	50,707
Charged to other comprehensive income (note 23(b)(vi))	**(167,620)**	163,510
Benefits paid	**(21,567)**	(26,648)
Contributions paid	**(67,583)**	(66,392)
Exchange difference	**8,394**	12,430
At June 30,	**1,093,268**	1,290,445

(iii) The movement in the present value of obligations for the year is as follows:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**2,424,169**	2,294,563
Current service cost	**35,295**	34,921
Past service cost	**(30,388)**	-
Employees' contribution	**3,741**	5,690
Interest expense	**90,387**	126,647
Benefits paid	**(154,875)**	(167,146)
Effect of curtailments / settlements	**(17,642)**	(56,403)
Actuarial (gains) / losses	**(114,367)**	173,311
Exchange difference	**8,403**	12,586
At June 30,	**2,244,723**	2,424,169
Disclosed as follows:		
Funded obligations	**1,870,230**	2,056,820
Unfunded obligations	**374,493**	367,349
	2,244723	2,424,169

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

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**1,133,724**	1,137,725
Employees' contribution	**3,741**	5,684
Scheme expenses	**(2,150)**	(704)
Cost of insuring risk benefits	**(7,164)**	(1,532)
Expected return on plan assets	**-**	7,256
Actuarial gains on plan assets	**53,253**	9,801
Employer's contribution	**67,584**	66,394
Benefits paid	**(133,302)**	(140,498)
Interest income	**35,769**	49,598
At June 30,	**1,151,455**	1,133,724

23. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) Defined pension benefits (cont'd)

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

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Current service cost	**35,295**	35,084
Past service cost	**(30,388)**	-
Interest expense	**54,618**	69,789
Scheme expenses	**2,150**	728
Cost of insuring risk benefits	**7,165**	1,509
Effects of curtailments/ settlements	**(17,642)**	(56,403)
Total included in staff costs	**51,198**	50,707
Actual return on plan assets	**87,393**	26,363

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

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Liability experience loss/(gain)	**60,336**	(77,997)
Actuarial (gains)/ losses arising from changes in financial assumptions	**(174,703)**	251,308
	(114,367)	173,311
Gain on pension scheme assets	**(53,253)**	(9,801)
	(167,620)	163,510

(vii) Major asset categories as percentage of plan assets:

	THE GROUP	
	2021	2020
	%	%
Local equities	**23%**	29%
Overseas equities	**27%**	25%
Fixed interest and cash	**39%**	32%
Properties	**11%**	14%

(viii) The assets of the plan are invested in funds. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(ix) Expected contributions to post-employment benefit plans for the year ended June 30, 2021 is Rs 37.3m m and Rs 0.9m to the pension scheme and PRGF respectively.

(x) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2021	2020
	%	%
Discount rate	**4.5**	3.6
Future salary increases	**0.98**	1.0

(xi) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	Increase	Decrease
June 30, 2021	**Rs'000**	Rs'000
Discount rate (1% movement)	**239,612**	201,096
Future long term salary assumption	**52,673**	19,728
June 30, 2020		
Discount rate (1% movement)	**281,800**	251,202
Future long term salary assumption	**67,176**	59,488

23. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) Defined pension benefits (cont'd)

(x) The principal actuarial assumptions used for accounting purposes were:

Management has reviewed the assumptions used by Swan Life Ltd (Management's independent actuary) to arrive at the employee benefit liabilities as at June 30, 2021. The discount rate used is based on a yield curve derived from available information on local government bonds with terms from 0.25 to 20 years using the Nelson Siegel Svensson model. The salary increase assumption has been assumed to be nil for employees who are still active and covered under a Defined Benefit scheme. For employees who are still active but not covered under the Defined Benefit scheme, a salary growth of 0.98% has been assumed. The assumptions therefore that are critical to the determination of any unfunded pension liability are the discount rates, the future salary increases and pension increases. The recent Covid pandemic has resulted in a recognisable change in the discount rates which has an important impact on the determination of pension liability. Accordingly, a sensitivity analysis has been calculated on a wider range of deviation.

(xii) The weighted average duration of the defined benefit obligation is 10 years for the Group at the end of the reporting period.

(b) Risks associated with the pension promise / obligation

The pension promise expose the Group to actuarial risks such as longevity risk, interest rate risk, market (investment) risk, and salary risk.

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

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

(iii) *Investment risk* - The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

(iv) *Salary risk* - If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(c) Accounting policy

(i) *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.

Past service costs are recognised in profit or loss on the earliest of:

- The date of amendment or curtailment, and

- The date that the Group recognises restructuring-related costs.

23. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(c) Accounting policy (cont'd)

(i) *Defined benefit plans (cont'd)*

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.

(ii) *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.

(iii) *Short term employee benefits*

Short term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Short term employee benefits include wages, salaries and bonuses paid to current employees.

(iv) *Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pension plans) the net present value of gratuity on retirement payable under the Workers Rights Act 2019 is calculated by qualified actuaries and provided for. The obligations arising under this item are not funded.

(v) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

24. DEFERRED INCOME

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**265,544**	298,119
Release in profit or loss	**(33,669)**	(34,359)
Exchange difference	**1,084**	1,784
At June 30,	**232,959**	265,544
Deferred income may be analysed as follows:		
Current	**26,907**	34,492
Non current	**206,052**	231,052
	232,959	265,544

Deferred income includes Government grant and grant from LCR relating to capital expenditure. Refer to note 7(a)(i) for further details.

Deferred income is released to profit or loss on straight line basis over the expected useful life of the related asset.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**592,935**	669,553	**-**	-
Other payables and accrued expenses	**1,194,850**	1,085,435	**31,013**	20,653
Accruals for centralisation and VRS costs	**32,093**	57,349	**-**	-
Payable to related parties:				
- subsidiaries	**-**	-	**509**	76,820
- joint ventures	**1,389**	-	**-**	31
- companies with common directors	**5**	34,597	**5**	686
- major shareholders	**158**	367	**-**	364
	1,821,430	1,847,301	**31,527**	98,554

The carrying amounts of trade and other payables approximate their fair values. Other payables and accrued expenses include client monies amounting to Rs. 30.5 m (2020: Rs. 16.8m) and Group share of net liabilities in joint ventures (Helios Beau Champ Limited and Domaine de L'Etoile Ltd) as it has a contractual commitment to make good of their liabilities. Client monies relate to deposit received from customers for building package and maintenance contract and upgrade projects. Other payables include Rs nil (2020: Rs 146.9m) of dividends payable pertaining to share of dividends to minority interests declared by the subsidiaries.

26. CONTRACT LIABILITIES

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	**600,292**	253,603
Received during the year	**909,680**	1,241,837
Recognised as revenue during the year	**(977,060)**	(896,591)
Exchange difference	**(16,411)**	1,443
At June 30,	**516,501**	600,292
Contract liabilities may be analysed as follows:		
Current	**490,013**	561,034
Non current	**26,488**	39,258
	516,501	600,292

(a) Accounting policy

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

27. DIVIDENDS

	THE COMPANY	
	2021	2020
	Rs'000	Rs'000
Interim dividend of Rs 0.32 (2020: Rs 0.32) per share paid		
- ordinary dividend	**101,917**	101,918
Final dividend of Rs 0.40 (2020: Rs 0.22) per share paid		
- ordinary dividend	**127,397**	70,068
Total dividend declared	**229,314**	171,986

27. DIVIDENDS (CONT'D)

	THE COMPANY	
	2021	2020
Dividend payable	**Rs'000**	Rs'000
At July 1,	**70,068**	111,472
Dividend declared during the year	**229,314**	171,986
Dividend paid during the year	**(171,985)**	(213,390)
At June 30,	**127,397**	70,068

Rs 146.9m of dividends payable pertaining to share of dividends to minority interests declared by the subsidiaries and included in trade and other payables in 2020 were paid during the year.

28. REVENUE

	THE GROUP				THE COMPANY
2021	**Sugar**	**Energy**	**Property**	**Total**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Recognised at a point in time:					
Sale of goods / services	**8,003,372**	**-**	**613,287**	**8,616,659**	**56,949**
Recognised over time:					
Sale of electricity	**-**	**698,058**	**-**	**698,058**	**-**
Revenue from sale of villas	**-**	**-**	**234,405**	**234,405**	**-**
Total revenue from contracts with customers	**8,003,372**	**698,058**	**847,692**	**9,549,122**	**56,949**

	THE GROUP				THE COMPANY
2020	Sugar	Energy	Property	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recognised at a point in time:					
Sale of goods / services	6,779,354	-	113,934	6,893,288	55,128
Recognised over time:					
Sale of electricity	-	560,330	-	560,330	-
Revenue from sale of villas	-	-	833,328	833,328	-
Total revenue from contracts with customers	6,779,354	560,330	947,262	8,286,946	55,128

(a) Accounting policy

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

(i) Sugar cluster

The sugar cluster generates revenue through following main revenue streams:

- *Sale of sugar and by-products*: 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. For Mauritius operations, the prices of sugar per ton and byproducts are determined by the Mauritius Sugar Syndicate. For Tanzanian and Kenyan operations, the prices are determined by the market.
- *Agriculture diversification*: Revenue from agricultural diversification is recognised when the product is sold to the customer. The price is fixed by the Group and payment is due immediately when the customer purchases the goods and takes delivery in store.

28. REVENUE (CONT'D)

(a) Accounting policy (cont'd)

(ii) Energy cluster

The energy cluster generates revenue from the sale of electricity, which is recognised over time as and when distributed on the grid. The transaction price is determined in the Power Purchase Agreement.

(iii) Property cluster

The property cluster generates revenue through the following main revenue streams:

- Construction and sale of villas: The Group generates revenue through the construction and sale of villas. The transaction price for the sale of each villa is governed by the agreement between the Group and its customer. Since there is only one performance obligation, the whole of the transaction price is allocated to the single performance obligation. Revenue is recognised over the life of the construction of the villa, based on the percentage completion which in turn is monitored through costs incurred. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

The customers pay fixed amounts based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

- Sale of land: Revenue is recognised when control over the land has been transferred to the customer. The land has generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer, i.e., 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. In most cases, the consideration is due when legal title has been transferred.

29. NORMALISED EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Normalised earnings before interest, taxation, depreciation and amortisation is determined as follows:				
Revenue (note 28)	**9,549,122**	8,286,946	**56,949**	55,128
Dividend income	**611**	636	**389,679**	363,963
Gain/ (loss) in fair value of consumable biological assets (note 16)	**528,197**	(2,675)	**-**	-
Other operating income (note 30)	**161,993**	152,493	**4,777**	5,084
Net foreign exchange gain/(loss)	**22,512**	(19,045)	**10,072**	-
Operating expenses (note 29(a))	**(6,695,840)**	(6,409,480)	**(100,001)**	(87,509)
Fair value gain/(loss) on derivatives	**9,577**	(39,384)	**(7,211)**	(26,636)
	3,576,172	1,969,491	**354,265**	310,030

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Operating expenses can be analysed as follows:				
Staff costs (note 31)	**2,240,040**	2,149,695	**52,230**	40,823
Cost of sales	**4,101,377**	3,865,772	**-**	-
Management fees	**18,452**	16,521	**20,401**	16,521
SIFB premium	**26,383**	25,461	**-**	-
Bank charges and other expenses	**309,588**	352,031	**27,370**	30,165
	6,695,840	6,409,480	**100,001**	87,509

30. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit on sale of land	**44,794**	31,715	**-**	-
Other operating income	**117,199**	120,778	**4,777**	5,084
Total other operating income	**161,993**	152,493	**4,777**	5,084

(a) Accounting policy

Other operating income earned by the Group is recognised on the following basis:

- Profit on sale of land is recognised when the control has been transferred to the buyer.
- Others include insurance refund received and sundries income which are recognised in the accounting year in which the goods are sold.

31. STAFF COSTS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries	**1,824,021**	1,775,977	**47,304**	38,540
Pension costs	**416,019**	373,718	**4,926**	2,283
Staff costs	**2,240,040**	2,149,695	**52,230**	40,823

Further to the COVID-19 outbreak, the Group received Rs 23.8m (2020: Rs 28.3m) through the Government Wage Assistance Scheme, which has been recorded against staff costs for the year.

32. FINANCE INCOME AND COSTS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Interest income	**26,028**	8,470	**14,018**	13,873
Finance income	**26,028**	8,470	**14,018**	13,873
(b) Interest expense:				
- Bank and other loans	**374,094**	406,576	**85,754**	82,232
- Bank overdrafts	**89,517**	93,181	**255**	154
- Lease liabilities	**13,352**	12,089	**1,176**	1,433
Finance costs	**476,963**	511,846	**87,185**	83,819

33. OTHER INCOME AND EXPENSES

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Income		
Profit on disposal of property, plant and equipment	**122,750**	201,136
Gain on fair value of investment properties (note 6)	**-**	800
Reversal of compensation payable	**87,202**	-
SIFB compensation	**82,889**	119,159
	292,841	321,095
Expenses		
Pre-operational expenses	**-**	(25,364)
Government 2000 Arpents land scheme	**-**	(42,885)
Loss on fair value of investment properties (note 6)	**(13,581)**	
Land development costs	**(31,599)**	(25,580)
Blue print costs expensed	**(945)**	(837)
Mutually agreed departure costs	**(58,786)**	(149,897)
	(104,911)	(244,563)
Net other income	**187,930**	76,532

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

34. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Basic and diluted earnings per share	**3.64**	(0.32)	**0.86**	0.73
Based on:				
Profit for the year attributable to the owner	**1,158,973**	(102,340)	**272,372**	231,873
Weighted average number of ordinary shares outstanding (note 20)	**318,492,120**	318,492,120	**318,492,120**	318,492,120

35. NOTES TO STATEMENT OF CASH FLOWS

		THE GROUP		THE COMPANY	
	Notes	**2021**	2020	**2021**	2020
(a) Cash generated from operations		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit / (loss) before tax		**2,693,217**	802,091	**272,216**	232,182
Adjustments for:					
Release of deferred income	24	**(33,669)**	(34,359)	**-**	-
Depreciation of property, plant and equipment and right of use	5, 36	**811,089**	728,079	**8,882**	7,902
Profit on sale of land	30	**(44,794)**	(31,715)	**-**	-
Reversal of impairment of bearer biological assets	41	**(234,148)**	-	**-**	-
Reversal of impairment of property, plant and equipment	41	**(14,403)**	-	**-**	-
Impairment of spare parts	41	**24,649**	18,979	**-**	-
Profit on sale of property, plant and equipment	33	**(122,750)**	(201,136)	**-**	-
Government 2000 Arpents land scheme	33	**-**	42,885	**-**	-
Loss on financial assets at fair value through profit or loss	12	**(9,577)**	27,241	**7,211**	-
Loss/(gain) on fair value of investment property	33	**13,581**	(800)	**-**	-
Increase in expected credit loss	41	**5,352**	12,853	**-**	-
Dividend income	29	**(611)**	(636)	**(389,679)**	(363,963)
Finance income	32(a)	**(26,028)**	(8,470)	**(14,019)**	(13,873)
Finance costs	32(b)	**476,963**	511,846	**87,183**	83,819
Exchange difference		**(18,421)**	4,923	**(9,364)**	(1,341)
Employee benefit expenses	23(a)(ii)	**(37,955)**	(42,333)	**-**	-
Share of results of associates	10	**(2,523)**	(3,512)	**-**	-
Share of results of joint ventures	9	**63,603**	18,516	**-**	-
Changes in working capital:					
- (Increase)/ decrease in fair value of consumable biological assets	16, 29	**(528,196)**	2,675	**-**	-
- (Increase)/ decrease in inventories		**(192,143)**	91,360	**-**	-
- (Increase)/ decrease in trade and other receivables		**(32,838)**	21,691	**13,936**	(4,014)
- (Decrease)/ increase in trade and other payables		**6,753**	(28,151)	**8,259**	5,418
- Increase in financial assets at amortised cost	13	**(7,041)**	(36,145)	**-**	-
Cash generated from / (used in) operations		**2,790,110**	1,895,882	**(15,375)**	(53,870)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand and at bank	**532,255**	1,017,474	**198,928**	14,414
Short term deposit	**-**	-	**188,317**	190,779
Bank overdrafts (note 22)	**(961,886)**	(1,632,034)	**-**	(2,338)
Loans at call (note 22)	**-**	-	**(201,016)**	(171,411)
Money market deal (note 22)	**(44)**	(99,997)	**-**	-
At June 30,	**(429,675)**	(714,557)	**186,229**	31,444

(c) Non-cash transactions

The principal non-cash transactions are the acquisition of right-of-use assets (note 36).

35. NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

(d) Reconciliation of liabilities arising from financing activities

THE GROUP	At July 1, 2020 Rs'000	Cash flows Rs'000	Foreign exchange movement Rs'000	New leases Rs'000	Transfer between current and non-current Rs'000	At June 30, 2021 Rs'000
Current loans and borrowings (excluding items below)	587,296	(788,723)	27,546	-	1,220,141	1,046,260
Current lease liabilities	58,620	(52,022)	(180)	29	71,682	78,129
Current debentures	50,000	(50,000)	-	-	500,000	500,000
Non-current loans and borrowings (excluding items below)	3,517,961	1,044,135	117,880	-	(1,220,141)	3,459,835
Non-current lease liabilities	101,270	-	(5,502)	233,714	(71,682)	257,800
Non-current debentures	1,450,000	-	-	-	(500,000)	950,000
Loans from shareholders	29,927	-	-	-	-	29,927
Total liabilities from financing activities	5,795,074	153,390	139,744	233,743	-	6,321,951

THE GROUP	At July 1, after impact of IFRS 16 Rs'000	Cash flows Rs'000	Foreign exchange movement Rs'000	New leases Rs'000	Transfer between current and non-current Rs'000	At June 30, 2020 Rs'000
Current loans and borrowings (excluding items below)	717,124	(424,039)	34,359	-	259,852	587,296
Current lease liabilities	50,795	(27,534)	(712)	8,941	27,130	58,620
Current debentures	-	-	-	-	50,000	50,000
Non-current loans and borrowings (excluding items below)	3,045,090	534,198	198,525	-	(259,852)	3,517,961
Non-current lease liabilities	130,921	(29,584)	(2,856)	29,919	(27,130)	101,270
Non-current debentures	1,500,000	-	-	-	(50,000)	1,450,000
Loans from shareholders	28,069	1,858	-	-	-	29,927
Total liabilities from financing activities	5,471,999	54,899	229,316	38,860	-	5,795,074

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

35. NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

(d) Reconciliation of liabilities arising from financing activities (cont'd)

THE COMPANY	At July 1, 2020 Rs'000	Cash flows Rs'000	New leases Rs'000	Transfer between current and non-current Rs'000	At June 30, 2021 Rs'000
Current lease liabilities	7,825	(7,940)	-	8,528	8,413
Current debentures	50,000	(50,000)	-	500,000	500,000
Non-current lease liabilities	13,858	-	24,318	(8,528)	29,648
Non-current debentures	1,450,000	-	-	(500,000)	950,000
Total liabilities from financing activities	1,521,683	(57,940)	24,318	-	1,488,061

THE COMPANY	At July 1, after impact of IFRS 16 Rs'000	Cash flows Rs'000	New leases Rs'000	Transfer between current and non-current Rs'000	At June 30, 2020 Rs'000
Current lease liabilities*	7,146	(7,520)	374	7,825	7,825
Current debentures	-	-	-	50,000	50,000
Non-current lease liabilities	19,582	-	2,101	(7,825)	13,858
Non-current debentures*	1,500,000	-	-	(50,000)	1,450,000
Total liabilities from financing activities	1,526,728	(7,520)	2,475	-	1,521,683

* The payment of current lease liabilities have been reclassified to show the correct current and non current portions.

(e) Accounting policy

Cash and cash equivalents in the statements of financial position include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents in the statements of financial position, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

36. RIGHT-OF-USE ASSETS

Lessee

The Group has lease contracts for motor vehicles, plant and machinery, land and building used in its operations. Leases of land and building have lease terms between 2 and 99 years, while motor vehicles generally have lease terms between 3-5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

THE GROUP	Motor vehicles	Plant & machinery	Land	Other building	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2019	-	-	-	-	-
Impact of adoption of IFRS 16	93,875	-	9,952	20,060	123,887
Additions	11,632	27,209	19	-	38,860
Disposal	(2,740)	-	-	-	(2,740)
Depreciation expense	(19,361)	(5,193)	(1,433)	(8,050)	(34,037)
Exchange difference	742	-	899	-	1,641
	84,148	22,016	9,437	12,010	127,611
At July 1, 2020	**84,148**	**22,016**	**9,437**	**12,010**	**127,611**
Additions	**135,651**	**64,256**	**13,640**	**23,215**	**236,762**
Transfers from property, plant and equipment	**(20,218)**	**55,030**	**10,587**	**(895)**	**44,504**
Disposal	**(4,990)**	**-**	**-**	**-**	**(4,990)**
Depreciation expense	**(30,761)**	**(20,707)**	**(1,923)**	**(8,272)**	**(61,663)**
Exchange difference	**-**	**-**	**(1,690)**	**-**	**(1,690)**
At June 30, 2021	**163,830**	**120,595**	**30,051**	**26,058**	**340,534**

Right of use assets include Rs 3m of leased motor vehicles which has been financed partly by the Group.

THE COMPANY	Motor vehicles	Land	Other building	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2019	-	-	-	-
Impact on adoption of IFRS 16	1,162	9,850	15,717	26,729
Additions	2,475	-	-	2,475
Depreciation expense	(433)	(132)	(7,019)	(7,584)
At June 30, 2020	3,204	9,718	8,698	21,620
At July 1, 2020	**3,204**	**9,718**	**8,698**	**21,620**
Additions	**-**	**1,103**	**23,215**	**24,318**
Depreciation expense	**(763)**	**(146)**	**(7,509)**	**(8,418)**
At June 30, 2021	**2,441**	**10,675**	**24,404**	**37,520**

Set out below are the carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the year:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**159,890**	-	**21,683**	-
Impact on adoption of IFRS 16	**-**	181,716	**-**	26,728
Additions	**233,714**	38,860	**24,318**	2,475
Accretion of interest	**13,352**	12,089	**1,175**	1,433
Payments	**(65,374)**	(69,207)	**(9,115)**	(8,953)
Exchange difference	**(5,653)**	(3,568)	**-**	-
At June 30,	**335,929**	159,890	**38,061**	21,683
Current (Note 22)	**78,129**	58,620	**7,913**	7,825
Non-current (Note 22)	**257,800**	101,270	**30,148**	13,858
	335,929	159,890	**38,061**	21,683

The maturity analysis of lease liabilities are disclosed in note 22.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

36. RIGHT-OF-USE ASSETS (CONT'D)

Lessee (cont'd)

The following are the amounts recognised in profit or loss:

	THE GROUP	THE COMPANY
	2021	2020
	Rs'000	Rs'000
Depreciation expense of right-of-use assets	**61,663**	8,104
Interest expense on lease liabilities	**13,352**	1,342
Total amount recognised in profit or loss	**75,015**	9,446

Lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain land and buildings. These leases have terms of between 5-60 years. Rental income recognised by the Group during the year is Rs 1.7 m (2020: Rs 7.4m).

The future aggregate minimum lease payments under non-cancellable leases are as follows:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Less than one year	**1,830**	7,332
One to two years	**1,453**	7,672
Two to three years	**1,138**	8,027
Three to four years	**1,138**	8,398
Four to five years	**1,138**	1,138
More than five years	**47,811**	47,811
	54,508	80,378

37. CAPITAL COMMITMENTS

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Capital expenditure approved by the Board:		
- contracted	**146,634**	160,273
- not contracted	**749,716**	741,897
	896,350	902,170

38. CONTINGENT LIABILITIES

a) There are several legal cases against Transmara Sugar Company Ltd relating to disputes and breach of out-growers'contracts and termination of employment with total exposure amounting to Rs 231m (2020: Rs 322m). A provision amounting to Rs 6.5M (2020: Rs 1.4m) was recorded in the year for the cases that management assessed the probability of losing as possible. For the rest of the amount, the management has assessed risk of crystalising as not more than likely and hence no provision made.

b) At June 30, 2021, in the ordinary course of business, the Group obtained a letter of credit amounting to Rs 12 m (2020: Rs 20m) to third parties in respect of Alteo Energy Ltd.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

39. RELATED PARTY TRANSACTIONS

(a) **THE GROUP**

	Sale / (purchase) of goods and services		Dividend (expense) / income		Management fees (payable)/ Receivable		Loans at call (from)/to		Amount owed to		Amount due from	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Associates	**-**	-	**-**	5,045	**-**	-	**-**	-	**-**	-	**-**	-
Joint ventures	**(1,770)**	(21,768)	**-**	2,314	**-**	-	**(44)**	-	**1,389**	-	**81,516**	27,481
Companies with common directors	**(100,529)**	(450,879)	**-**	-	**-**	-	**-**	-	**5**	34,597	**18,250**	16,862
Major shareholders	**-**		**-**		**(20,401)**	(16,521)	**-**	-	**158**	367	**-**	-
Total	**(102,299)**	(472,647)	**-**	7,359	**(20,401)**	(16,521)	**(44)**	-	**1,552**	34,964	**99,766**	44,343

THE COMPANY

	Sale / (purchase) of goods and services		Dividend (expense) / income		Management fees (payable)/ Receivable		Loans at call (from)/to		Amount owed to		Amount due from	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Subsidiaries	**(7,780)**	(13,646)	**387,179**	317,748	**58,852**	54,363	**(12,655)**	327,294	**509**	76,820	**6,779**	229,256
Associates	**-**	-	**-**	5,045	**-**	-	**-**	-	**-**	-	**2,522**	-
Joint ventures	**(438)**	(461)	**-**	2,314	**-**	-	**(44)**	-	**-**	31	**3,260**	3,008
Companies with common directors	**(7,241)**	(1,432)	**-**	-	**-**	-	**-**	-	**5**	686	**-**	-
Major shareholders	**-**		**-**		**(20,401)**	(16,521)	**-**	-	**-**	364	**-**	-
Total	**(15,459)**	(15,539)	**387,179**	325,107	**38,451**	37,842	**(12,699)**	327,294	**514**	77,901	**12,561**	232,264

Outstanding balances at the year-end are secured, interest free and settlement occurs in cash. For the year ended June 30, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) Key management personnel compensation

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Salaries and short term benefits	**25,852**	24,028

(c) Accounting policy

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.

40. SEGMENT INFORMATION

For management purposes, the Group analyses its operations by country, sub-categorised into three reportable segments, as follows:

- The sugar segment, which includes planting and harvesting of sugar cane and other food crops, sugar cane milling and sugar refining.

- The energy segment, which operates bagasse/coal power plants to supply steam and electricity.

- The property segment, which promotes, markets and sells villas, apartments and serviced land and operates a 18-hole championship golf course located at Anahita.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, cash and cash equivalents and trade and other receivables and exclude investment in joint ventures and investment in associates. Adjustment transactions represent elimination of intra-group which are entered into under the normal commercial terms and conditions that would be available to unrelated parties.

The accounting policies of the operating segments are same as those described in the summary of accounting policies.

The Group is organised into the following main business segments:

	Sugar / agricultural						Energy		Property		Adjustment transactions		Total	
	Mauritius		Tanzania		Kenya		Mauritius		Mauritius					
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Segment revenue	**1,658,478**	1,816,206	**3,739,895**	3,192,243	**2,730,641**	1,911,900	**711,815**	638,307	**857,901**	956,844	**-**	-	**9,698,730**	8,515,500
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(149,608)**	(228,554)	**(149,608)**	(228,554)
	1,658,478	1,816,206	**3,739,895**	3,192,243	**2,730,641**	1,911,900	**711,815**	638,307	**857,901**	956,844	**(149,608)**	(228,554)	**9,549,122**	8,286,946
Segment profit	**702,538**	(150,569)	**2,021,132**	1,394,502	**162,790**	(122,432)	**44,604**	66,408	**274,168**	132,562	**-**	-	**3,205,232**	1,320,471
Finance income	**1,605**	5,431	**4,158**	2,380	**17,281**	-	**16**	721	**2,968**	(62)	**-**	-	**26,028**	8,470
Finance cost	**(129,680)**	(140,157)	**(76,729)**	(52,104)	**(237,216)**	(264,859)	**(496)**	(4,197)	**(32,842)**	(50,529)	**-**	-	**(476,963)**	(511,846)
Share of results of associates, net of tax	**2,928**	2,706	**-**	-	**-**	-	**-**	-	**(405)**	806	**-**	-	**2,523**	3,512
Share of results of joint ventures, net of tax	**-**	(44)	**-**	-	**-**	-	**4,383**	11,495	**(67,986)**	(29,967)	**-**	-	**(63,603)**	(18,516)
Profit / (loss) before tax	**577,391**	(282,633)	**1,948,561**	1,344,778	**(57,145)**	(387,291)	**48,507**	74,427	**175,903**	52,810	**-**	-	**2,693,217**	802,091
Taxation	**(10,926)**	(32,439)	**(715,234)**	(483,720)	**(56,235)**	(39,868)	**(7,686)**	(15,069)	**(39,248)**	(8,846)	**-**	-	**(829,329)**	(579,942)
Profit / (loss) for the year	**566,465**	(315,072)	**1,233,327**	861,058	**(113,380)**	(427,159)	**40,821**	59,358	**136,655**	43,964	**-**	-	**1,863,888**	222,149

40. SEGMENT INFORMATION (CONT'D)

	Sugar							Energy		Property		Total	
	Mauritius		Tanzania		Kenya			Mauritius		Mauritius			
	2021	2020	**2021**	2020	**2021**	2020		**2021**	2020	**2021**	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000		**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Segment assets	**20,658,355**	18,306,713	**6,002,361**	6,983,255	**2,648,322**	2,474,875		**517,355**	588,973	**1,305,173**	1,579,773	**31,131,566**	29,933,589
Associates	**13,433**	13,856	**-**	-	**-**	-		**-**	-	**9,343**	9,750	**22,776**	23,606
Joint ventures	**-**	-	**-**	-	**-**	-	-	**-**	(9,876)	**15,347**	28,754	**15,347**	18,878
												31,169,689	29,976,073
Segment liabilities	**4,930,739**	5,123,631	**4,507,894**	4,277,416	**2,038,822**	1,877,549		**269,721**	291,722	**761,964**	1,163,050	**12,509,140**	12,733,368
Capital expenditure	**468,724**	214,070	**435,373**	208,484	**182,608**	127,219		**3,314**	3,338	**12,491**	33,554	**1,102,510**	586,665
Profit/(loss) disposal of property, plant and equipment	**125,724**	126,065	**32**	-	**(3,006)**	-		**-**	72,853	**-**	2,218	**122,750**	201,136
Depreciation of property, plant and equipment and right-of-use assets	**251,838**	241,237	**236,501**	193,332	**216,827**	187,109		**77,286**	77,972	**28,637**	28,429	**811,089**	728,079
Impairment of spare parts	**5,670**	-	**-**		**-**			**18,979**	18,979	**-**		**24,649**	18,979
Reversal of impairment of property, plant and equipment	**(248,551)**	-	**-**	-	**-**	-		**-**	-	**-**	-	**(248,551)**	-

(a) Geographical information

The Group's three business segments are managed locally and operate in the following main geographical areas:

	Sales		Total assets		Capital expenditure	
	2021	2020	**2021**	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Mauritius	**3,078,586**	3,182,803	**22,480,883**	20,475,459	**484,529**	250,962
Tanzania	**3,739,895**	3,192,243	**6,002,361**	6,983,255	**435,373**	208,484
Kenya	**2,730,641**	1,911,900	**2,648,322**	2,474,875	**182,608**	127,219
	9,549,122	8,286,946	**31,131,566**	29,933,589	**1,102,510**	586,665

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 assets are located.

(b) Accounting policy

Segment information presented relate to the operating segments that engage in business activities for which revenues are earned and expenses incurred. The Group's customer base is diversified, with no individually significant customers except for the Mauritius Sugar Syndicate and Central Electricity Board.

41. REVERSAL OF IMPAIRMENT OF ASSETS AND ALLOWANCE FOR EXPECTED CREDIT LOSSES

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Financial assets		
Allowance for expected credit losses:		
Non-current (note 13)	**(2,112)**	518
Current (note 17)	**7,464**	12,335
	5,352	12,853
Non-financial assets		
Reversal of impairment plant and equipment (notes 5 and 41(a))	**(14,403)**	-
Reversal of impairment bearer biological assets (notes 5 and 41(b))	**(234,148)**	-
Impairment of spare parts (notes 15 and 41(a))	**24,649**	18,979
	(223,902)	18,979
Total reversal of impairment and allowance for expected credit losses	**(218,550)**	31,832

The Group performed its annual impairment test on its cash generating units. Higher sugar price for Crop 2021 together with the additional remuneration of bagasse have led a reversal of impairment of previously impaired assets.

(a) Plant, equipment and spare parts

The Group has assessed the recoverable amount of its spare parts. An impairment of Rs 24.6m was booked as it estimated the recoverable amount on certain spare parts to be nil.

Key assumptions used in recoverable amount calculations

The recoverable amount of the non-financial assets is most sensitive to the following assumptions:

Achieving forecasted selling price and tonnage of raw sugar for Alteo Milling Ltd

Selling price of sugar is regulated by the Mauritius Sugar Syndicate. For crop 2020, the ex-syndicate price of Raw Sugar was at Rs 14,062/ton and management had estimated that price would go up for crop 2021 onwards to Rs 14,300/ton and Rs 3,300/ton for bagasse.

The recoverable amount of the Cash Generating Unit has been determined based on the value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5-year period. The discount rate applied to cash flow projections is 11.97% (2020: 11.31%) and the cash flows beyond the 5 years were determined using a growth rate of 0% (2020: 0%). As a result of the analysis, impairment loss of Rs 14,403,093 has been reversed (2020: Rs nil) against its Property, plant and equipment during the financial year.

In line with IAS 20.24, the Company has taken into consideration the grant given by the authorities (in terms of LCR) in its impairment assessment. The Company policy is to recognise the grant received as deferred income, amortised against the life of the plant.

Discount rates represent the current market assessment of the risks specific to a Cash Generating Unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate for the financial year 11.97% (2020: 11.31%) calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC took into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest bearing borrowings the Company is obliged to service.

41. REVERSAL OF IMPAIRMENT OF ASSETS AND ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

(b) Bearer biological assets

The recoverable amount of the Cash Generating Unit has been determined using discounted cash flow techniques on a 9-year period, which is the useful life of a bearer plant for Mauritius operations. The forecasted selling price and discount rate applied to cash flow projection are explained below. As a result of the analysis, a reversal of impairment of Rs 234m was recorded (2020: Rs Nil) against its bearer plants during the financial year.

Key assumptions used in recoverable amount calculations

The recoverable amount of the non-financial assets is most sensitive to the following assumptions:

Achieving forecasted selling price:

Selling price of sugar is regulated by the Mauritius Sugar Syndicate. For crop 2020, the ex-syndicate price of Raw Sugar was at Rs 14,062/ton and management has estimated that price would go up for crop 2021 to Rs 14,500/ton for FY 2021-22 and to Rs 13,920/ton for crop 2022 onwards. The estimation was based on market research performed by management. Following the National budget 2021-22, a biomass renumeration of Rs 3,300 per ton sugar accrued will be paid by Government to planters compared to Rs 62 per ton sugar accrued for the past crop. By-products revenue has been maintained at the same level as final prices for year ended June 30, 2021.

Discount rate

Discount rates represent the current market assessment of the risks specific to a Cash Generating Unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate (2021 & 2020: 9.88%) calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest bearing borrowings the Company is obliged to service.

The fair valuation of the Cash Generating Unit of the Company falls under Level 3 of the fair value hierarchy.

Sensitivity to change in inputs to the valuation workings:

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

The price of sugar is most sensitive of the unobservable inputs. A decrease in price of sugar of up to Rs 1,500 per ton will not result in an impairment.

Type	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
				Rs'000
2021				
Property Plant & Equipment	**Price of sugar**	**Rs 13,920**	**± Rs 1,000**	**± 112,243**
	Extraction rate	**10.27%**	**± 0.5%**	**± 94,169**
	Discount rate	**9.88%**	**1%**	**± 23,042**
2020				
Property Plant & Equipment	Price of sugar	Rs 12,000	± Rs 1,000	± 113,188
	Extraction rate	10.04%	± 1%	± 139,402
	Discount rate	9.88%	1%	11,319

42. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which require disclosure or adjustments to the financial statements for the year ending June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

43. THREE YEAR FINANCIAL SUMMARY

THE GROUP

(a) **Statement of profit or loss and other comprehensive income**

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Revenue	9,549,122	8,286,946	8,997,439
Share of results of joint ventures	(63,603)	(18,516)	(9,359)
Share of results of associates	2,523	3,512	7,357
Profit / (loss) before taxation	2,693,217	802,091	(705,882)
Taxation	(829,329)	(579,942)	(376,342)
Profit / (loss) for the year	1,863,888	222,149	(1,082,224)
Other comprehensive income for the year, net of tax	333,969	399,387	7,243
Total comprehensive income / (loss) for the year	2,197,857	621,536	(1,074,981)
Profit attributable to:			
- Equity holders of the parent	1,158,973	(102,340)	(821,268)
- Non-controlling interests	704,915	324,489	(260,956)
	1,863,888	222,149	(1,082,224)
Total comprehensive income attributable to:			
- Equity holders of the parent	1,406,656	224,790	(785,848)
- Non-controlling interests	791,201	396,746	(289,133)
	2,197,857	621,536	(1,074,981)
Basic and diluted earnings per share	3.64	(0.32)	(2.58)

(b) **Statement of financial position**

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	23,801,845	23,052,550	22,655,024
Current assets	7,367,844	6,923,523	5,879,010
Assets held for sale	-	-	-
Total assets	31,169,689	29,976,073	28,534,034
EQUITY AND RESERVES			
Capital and reserves	17,009,402	15,831,072	15,778,268
Non-controlling interests	1,651,147	1,411,637	1,542,646
Total equity	18,660,549	17,242,709	17,320,914
LIABILITIES			
Non-current liabilities	7,227,964	7,658,939	7,002,897
Current liabilities	5,281,176	5,074,425	4,210,223
Total liabilities	12,509,140	12,733,364	11,213,120
Total equity and liabilities	31,169,689	29,976,073	28,534,034