Annual Report 2021

terra

Our Annual Integrated Report

Presenting our strategic framework for long-term value creation

Terra is a conglomerate, established in Mauritius and operating locally and regionally. Formerly known as Harel Frères, it started out as a small sugar factory in 1838. Today, Terra is one of the major players in the sugar cane sector in Mauritius, managing some 6,600 hectares of land in the northern part of the island, out of which some 6,000 are under agricultural use, the remaining area being the real estate portfolio. The Group has diversified its activities, from an essentially sugar-based company to one with interests in energy production, alcohol production and commercial distribution, and property development, along with investments in construction and financial services.

Dear Shareholder,

The Board of Directors of Terra Mauricia Ltd ('Terra' or 'the Company') is pleased to present this fifth annual Integrated Report. The aim of this report is to provide Terra's shareholders, and other interested stakeholders, with a concise review of the Group's performance and governance practices for the year ended 31 December 2021, and to outline the Company's strategic framework for long-term value creation.

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

We encourage you, as one of Terra's stakeholders, to read this report and to give us your feedback, both on Terra's disclosure and its performance, as this will help us in our efforts to drive continuous improvement in our governance practices and the Company's performance.

The Board has applied its collective mind to the preparation and presentation of information in this report, which has been guided by the International Integrated Reporting Council (IIRC)'s recently revised International <IR> Framework. The Board approved this report on 07 September 2022.

On behalf of the Board of Directors, we invite you to join us at the Annual Meeting of Terra to be held at The Terrace, Head Office, Beau Plan Business Park, Pamplemousses, at 2.30 pm on 10 November 2022.

Yours faithfully,

Alain Rey
Chairman

Nicolas Maigrot
Managing Director

Our Values

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

TENACITY
Encourages us to strive towards excellence through every professional endeavour.

INTEGRITY
Guides our every action.

PASSION
Gives us strength and enthusiasm to always contribute with commitment.

INNOVATION
Inspires us to advance by taking the initiative.

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Delivering Sustainable Value

Through our core business and Group functions, we are making a significant contribution to national and global developmental objectives. The United Nations Sustainable Development Goals (UN SDGs) provide the best articulation of what sustainable value should look like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Alongside Terra's values – *respect, tenacity, integrity, passion and innovation* – we are committed to playing our role, as a private sector company, in the attainment of these SDGs, working with Government, civil society, communities and other businesses.

We have identified and prioritised the following six SDGs, where we believe we can have the most meaningful impact, both directly and indirectly. Our approach on delivering on these goals is reviewed in detail in our Sustainability Report 2021.

6 CLEAN WATER AND SANITATION – Ensure access to water and sanitation for all.

7 AFFORDABLE AND CLEAN ENERGY – Ensure access to affordable, reliable, sustainable and modern energy for all.

8 DECENT WORK AND ECONOMIC GROWTH – Promote inclusive and sustainable economic growth, employment and decent work for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE – Build resilient infrastructure, promote sustainable industrialisation and foster innovation.

11 SUSTAINABLE CITIES AND COMMUNITIES – Make cities inclusive, safe, resilient and sustainable.

13 CLIMATE ACTION – Take urgent action to combat climate change and its impacts.

Overview

"Self belief and hard work
will always earn you success."
VIRAT KOHLI

Value We Created in 2021

Customers

Cane

71,760 T ▼ 4%
Specialty sugars in 18 varieties

Brands

4,250 ▲ 30%
Direct B2B customers (Mauritius)

19,877 ▼ 47%
Regular B2C customers (Mauritius)

Power

443 GWh ▲ 18%
Supplied to the national grid

15.5 % ▲ 18%
National energy mix

12.8 % ▲ 5%
Share on national renewable energy production

95.6 % ▲ 2%
Plant availability on CEB network

Property and Leisure

22.43 Ha ▲ 69%
Land developed this year

10,711 ▼ 36%
Visitors to *L'Aventure du Sucre*

Employees

MUR 7.8 M ▲ 117%
Invested on employee training and development

33
Additional jobs provided

MUR 1,060.6 M ▼ 10%
Paid in salaries, wages and other benefits

Communities

MUR 1.7 M ▼ 41%
CSR sponsorship channelled through Terra Foundation

30 ▼ 6%
Projects sponsored

Government

MUR 50.4 M ▲ 126%
Paid in taxes in Mauritius

MUR 550.3 M ▼ 2%
Paid in customs and excise duty in Mauritius

Suppliers

MUR 3,124.5 M ▲ 22%
Procurement spend

Providers of Financial Capital

MUR 159.2 M ▼ 8%
Paid to banks and other lenders

MUR 26.3 M ▼ 66%
Paid in dividends to outside shareholders of subsidiaries

MUR 193.4 M ▲ 49%
Paid in dividends to Terra shareholders

MUR 2.03 ▲ 272%
Earnings per share

Our Business at a Glance

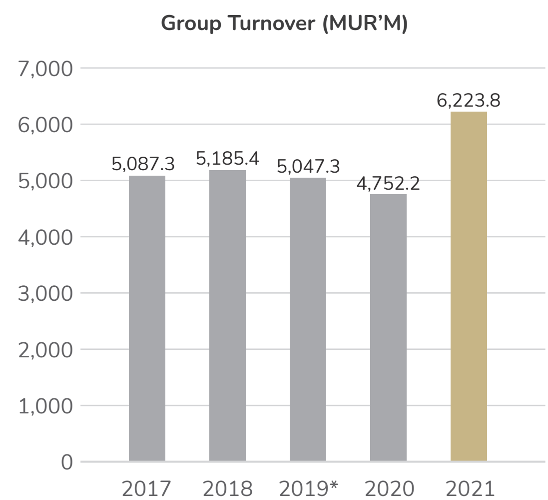
Our Organisational Structure

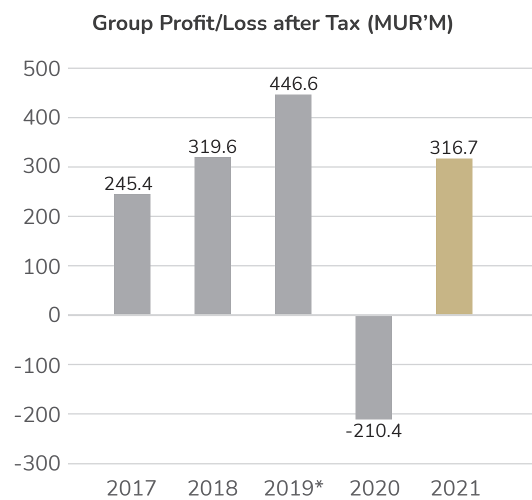
The Group consists of four autonomous clusters: Cane, Brands, Power, and Property and Leisure. Each cluster offers unique business know-how that sets it apart from its competitors and that provides a strong platform for value growth.

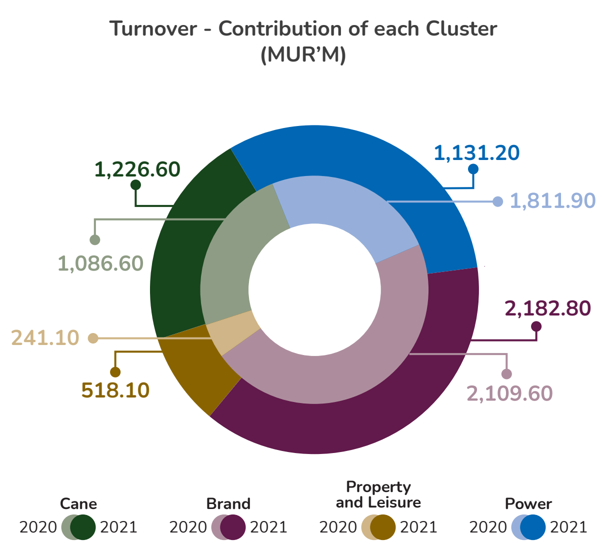
These clusters are autonomous in their decision-making processes, budgeting and reporting, as well as in the day-to-day running of their operations. The leadership team of each cluster is fully accountable for their cluster's respective performance, and is empowered to develop their own businesses and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

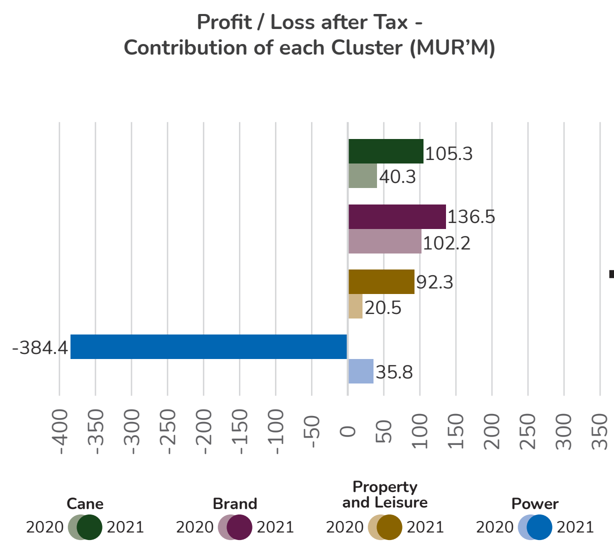
The clusters are supported by specific centralised functions aimed at developing a shared performance-based culture, and at driving operational excellence and efficiencies across the Group.

TERRA MAURICIA LTD









The 2019 figures have been restated

Cane

224
employees at Terragri *(Agriculture)*

128
employees at Terra Milling

9.2%
employee turnover rate

718,969 T ▲2%
of sugar cane milled

5,044 Ha ▼6%
of land under cane cultivation *(including 58 Ha of organic cane cultivation)*

71,952 T ▼9%
of sugar produced

Brands

461
employees at Grays Inc.

41
employees at Grays Distilling

24
own brands

42%
sales from spirits

18.6%
employee turnover rate

18%
sales from wines

4.5 million L ▼17%
of alcohol produced

Power

50
employees at Terragen

0%
employee turnover rate

12.8% ▲5%
renewable energy share

95.6% ▲2%
availability on CEB network

443 GWh ▲18%
sold to CEB

Property and Leisure

72
employees at Novaterra

56
employees at *L'Aventure du Sucre*

11%
employee turnover rate

22.43 Ha ▲69%
of land developed

M² UNDER RENT:

34,644 m² ▲2%
Industrial and commercial

22,629 m² ▼9%
Residential

9,290 m² ▲8%
Office

8,182 m²
Shopping Mall

Our Business Model

As a Group, our business model hinges on our ability to secure a competitive advantage and create stakeholder value across our four clusters, each of which seeks to optimise value from the Group's core assets and activities across the different stages of the sugar value chain.

CAPITAL INPUT

NATURAL CAPITAL:

Cane
- 5,044 ha sugar cane fields
- 718,969 tonnes sugar cane milled

Brands
- 21,520 tonnes of molasses
- 2,948 tonnes of coal
- 420 m³ of alcohol

Power
- 241,997 tonnes of *bagasse*
- 216,355 tonnes of coal
- 5,735 tonnes of cane straw
- 16,537 tonnes *bagasse* ash

Property and Leisure
- 695 ha of land available for development and regeneration

Topterra
- 49,267 tonnes of *vinasse*

Terrarock
- 303,282 tonnes of boulders

Thermal Valorisation Co. Ltd
- 6,471 tonnes of coal ash

MANUFACTURED CAPITAL:

- Agricultural equipment
- 1 sugar milling factory
- 1 bottling plant
- 1 distillery
- 1 co-generation power plant
- 1 thermal valorisation plant

FINANCIAL CAPITAL:

- Debt and equity financing
- Reinvestment

HUMAN CAPITAL:

- 1,134 employees
- Strong leadership team

INTELLECTUAL CAPITAL:

- Robust governance systems
- Knowledge and skills
- Sophisticated closed loop model, optimising value from core assets and activities across the cane value chain
- Robust safety and quality management systems
- Reliable and cost-effective electricity production
- Service providers delivering on agreed terms
- Building leading brands

SOCIAL AND RELATIONSHIP CAPITAL:

- Positive customer and tenant relationships
- Positive employee relations
- Constructive engagement with Government
- Investor confidence
- Positive supplier and partner relations
- Community trust and partnerships

CANE

Transforming sugar cane into raw sugar and specialty sugar to sell through the Mauritius Sugar Syndicate, with certain by-products used as inputs into the Power and Brands clusters (Page 30)

TERRAGRI LTD

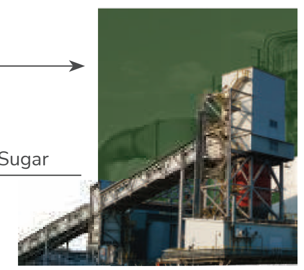
GRAYS DISTILLING LTD

BRANDS

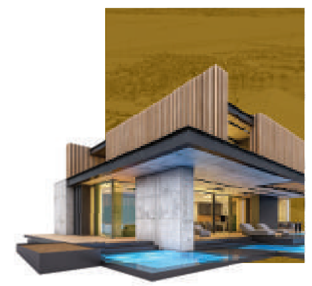
Transforming by-products of the sugar production into value-added dark and white spirits through the distillery process, and realising added value through our bottling, distribution and marketing activities, which have been extended to include third party brands in wine, whisky, personal care products and snacks (Page 40)

GRAYS INC. LTD

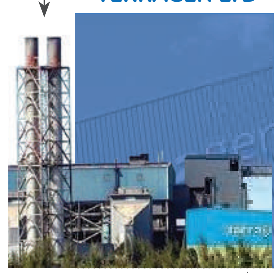
TERRA MILLING LTD



NOVATERRA



TERRAGEN LTD



L'AVENTURE DU SUCRE

POWER

Using *bagasse* and cane straw from the Cane cluster as inputs (together with imported coal) into the co-generation power plant to sell to the Central Electricity Board (CEB), and to provide electricity and steam to Terra Milling (Page 50)

PROPERTY AND LEISURE

Investing in property-development projects in well-located sites with a view to increasing and unlocking value from the Group's longstanding land holdings, and managing *L'Aventure du Sucre*, a museum showcasing the history of sugar operations in Mauritius (Page 60)

OUR MATERIAL RISKS

1. Specific terms of the Power Purchase Agreement (PPA) and unexpected consequences
2. Economic downturn
3. Decrease in supply of cane and by-products
4. Oversupply of properties on the market

PRODUCTS AND OUTPUTS

- 71,760 tonnes of specialty sugars
- 443 GWh of electricity sold to CEB grid
- 754,332 GJ of steam to Terra Milling
- 4.5 million litres alcohol and 24 own brands
- 22.43 ha of land developed
- m² available space for rent
  - Industrial and commercial: 34,644 m²
  - Office: 9,290 m²
  - Residential: 22,629 m²
  - Shopping Mall: 8,182 m²
- 10,711 visitors at *L'Aventure du Sucre*
- 14,460 tonnes of CMS organic fertiliser
- Cement additive for construction industry
- Rocksand and blocks

CAPITAL OUTCOMES

NATURAL CAPITAL:

- Total energy consumed: 1,132,836 GJ
- Total CO_2 emissions (scope 1): 711,750 tonnes
- Total water consumed: 4,690,744 m³
- Total fertilisers consumed: 26,553 tonnes
- Total glass bottles recycled: 1.3 million units

MANUFACTURED CAPITAL:

- MUR 250.3 million investment in property, plant and equipment

FINANCIAL CAPITAL:

- MUR 6,223.8 million turnover
- MUR 316.7 million profit after taxation
- MUR 193.4 million paid in dividends
- MUR 462.3 million reinvested in the Group

HUMAN CAPITAL:

- 1,111 employees
- MUR 1,060.6 million paid in salaries, wages and other benefits
- MUR 7.8 million in employee training and development
- 33 additional jobs provided

INTELLECTUAL CAPITAL:

- Digital transformation expenditure
- Brand development expenditure
- Certifications on quality, food safety, environmental and OHS management (see Operational Review section)
- 95.6% plant availability on CEB network

SOCIAL AND RELATIONSHIP CAPITAL:

- MUR 50.4 million paid in taxes in Mauritius
- MUR 550.3 million paid in customs and excise duty in Mauritius
- MUR 3,124.5 million paid to suppliers
- MUR 159.2 million paid to banks and other lenders
- MUR 26.3 million paid in dividends to subsidiary shareholders
- Two percent of profits directed to CSR work
- MUR 1.7 million spent by Terra Foundation
- 30 CSR projects sponsored

Chairman's Message

2021 was a catastrophic year in terms of the impact of Covid-19 on the economy of Mauritius. The Mauritian borders were totally closed for eight months of the year, and even the tentative openings in July and October when people could fly in without quarantine, did not ease the impact. Most significantly, Covid-19 created large-scale supply chain disruptions, affecting all our businesses. The cost of freight, particularly for sugar exported to Europe, was significantly higher, impacting our profitability. We also continued to be impacted by a serious drought, thus creating an almost perfect storm of events. Despite this tough environment, our operational performance was quite robust, thanks to the exceptional efforts of our management team to keep all our clusters going. On top of this, there were several notable wins, including the financial compensation we are now getting for *bagasse*, which has contributed to 2021 being a profitable year.

Mauritius was hit by Omicron almost immediately, which barred South African, French and Reunion Island tourists in the last quarter of the year, impacting foreign currency flows into the country. These countries have traditionally been major contributors to Mauritian tourism, so this has been a disaster for the country. Fortunately, the Government-funded wage assistance scheme helped to keep companies alive.

Our first concern has been for the safety and protection of our employees, which was reinforced during the year. Despite the various disruptions in our operations, we have had no layoffs of employees due to the Covid-19 crisis and we have also supported the community at large through the work and efforts of Terra Foundation.

We did not make any significant changes in our business strategy and kept it very much along the lines of what was already in place, adjusting it to the prevailing circumstances. Each of our four clusters had unique operational and market challenges.

OUR DIVERSIFICATION ENABLES RESILIENCE

This is the sixth consecutive year in which Terra has been implementing its strategy of optimising value from the Group's core assets across the sugar value-chain, and delivering value through its four clusters: Cane, Brands, Power, and Property and Leisure. All clusters have one common link: sugar cane and sugar cane fields, yet they remain relatively diversified. The diversification of our operations have enabled us to withstand the operational and market challenges, with improved financial results again generated by the Cane cluster; overall, operations have remained profitable in all four clusters.

The main performance highlight for this year was in the **Cane** cluster due to a combination of improved world prices on sugar, especially for specialty sugars, and significant gains in productivity through operational excellence, leading to cost reductions. Together with the compensation we are now getting for *bagasse*, this has resulted in a profitable year for the cluster despite a drought at the beginning of the year. The bold decision from Government to remunerate *bagasse*, an important cane by-product, with its fair price, represents a substantial economic boost for us and an issue that we have been campaigning on for a long time. The agreed remuneration makes all the difference between being profitable or not.

The major challenge this year has been the ongoing drought, resulting in lower sugar cane input to the factory. There were also logistical challenges with getting spare parts at a crucial time for factory maintenance. The cost of transporting sugar to our markets increased and we managed this as much as we could by opting for more affordable shipping lines. Our strategy to produce specialty sugars that carry a premium has kept us in a good position and our sugar products remain very much in demand, despite the competition globally.

Our overseas associate in Côte d'Ivoire, Sucrivoire, is still very much in the consolidation and expansion phase and we sense significant opportunities there. We remain hopeful that we will be able to work through the ongoing challenges and expect significant contributions from this investment in the coming years.

Our **Brands** cluster has shown huge resilience in a competitive environment with a lot more competitors selling spirits.

The results overall have been very encouraging despite the lower uptake from the hospitality sector. Sales have improved but unfortunately, not to the degree which we had hoped, and we also had some challenges in the reduced quantities of molasses from the sugar factory. Due to changes in ownership, we lost some brands in the snacking business, which was a fairly significant part of our portfolio, and the management team has been proactive in finding new products. Overall, we have seen great performance from Brands in a tough environment.

With the increase in our shareholding at distillery level, Terra now has greater control on these operations, which remain profitable, and this contributes to our overall cluster performance.

Chairman's Message (cont'd)

After a difficult year in 2020, our **Power** cluster returned to a production level, in line with expectations. This remains an exceptionally well-run operation, and the most competitive in terms of price and reliability amongst independent producers. Despite the very good performance this year, the prevailing contractual terms and conditions with CEB place us in a very unfavourable position, regarding raw material price increases, particularly for coal, and the cluster had to recognise an impairment of the plant and related equipment. With the substantial surge of coal prices following the outbreak of war in Ukraine, Terragen had no other option but to declare Force Majeure under its contract with CEB. The parties are currently engaged in a mediation process to try finding a workable and mutually acceptable solution to this situation.

In our **Property and Leisure** cluster we kept to our overall strategy which has been well defined to increase and provide a quality environment for people living and working in Beau Plan. Despite the huge difficulties faced by the construction sector, we have managed to keep on schedule for most of our projects, except for our retail centre Mahogany Shopping Promenade where we experienced a slight delay in the opening. We re-assessed the pace at which to deliver on some of the developments and adjusted them to cater for certain changes in legislations. All projects have been in huge demand and were sold out; we are seeing an attractive blend of sales and yielding assets for a sustainable performance. The infrastructure being implemented is of a high standard, thereby paving the way towards an even better future. We are expecting significant contributions from this cluster in the coming years.

Overall, given the commendable financial performance, we have increased the dividend paid to our shareholders back to the pre-pandemic level, with expected improvements ahead.

The most affected area of our operations was *L'Aventure du Sucre* given the restrictions on the number of people able to attend events due to Covid-19.

Our efforts to divest in non-core activities remained ongoing but have taken longer than anticipated due to the current context.

A key achievement last year was an important restructuring of our balance sheet, securing long-term finance needs at competitive rates for long-term projects. This put us on a very solid financial footing to achieve our growth targets this year.

MAINTAINING OVERSIGHT THROUGH AN EFFECTIVE BOARD

It is with great sadness to report that we lost two of our colleagues during the year, one a Board member, and the other a member of the management team, both significant contributors to the Group. Alain Vallet was an outstanding Board member, always contributing with a wisdom acquired over the several years he was with us. He had also been heading Grays for many years and worked there for decades, shaping Grays in many ways, and leaving behind a diversified and profitable organisation. He will be sorely missed as a Board member and as a friend. He was a fantastic gentleman.

As a result of a long battle with cancer, we also lost our factory manager from Terra Milling, Ajay Parsan. Ajay was one of the architects in the significant gains in productivity that our sugar operations was able to achieve over the last five years. He was a hugely respected member of the management team and will be sorely missed.

Despite the challenges in the operating environment, there have been many achievements at Board level in our 2021 financial year. We reviewed our Board Committee Charters to bring them in line with new guidelines and regulations following an exercise on charters, committees, and responsibilities. We reviewed and updated our Code of Ethics and produced several new documents on good governance, all published on the Terra website. Terra launched its e-learning platform this year and one of the first modules was on the revamped Code of Ethics. We will be regularly launching a new module on the platform.

The risk assessment exercise that was started in 2020, was fully implemented in 2021, including the development of risk heat maps for each cluster illustrating financial and non-financial risks.

With the initial support of Ernst &Young (EY), we have moved away from one central risk function to a more diversified approach, empowering each head of cluster to take responsibility for the management of inherent and residual risks. This has led to some interesting debates amongst the teams. Living in such a dynamic environment, where we are confronted with risks such as cybersecurity, each cluster taking on its own priority of these risks ultimately ensures better accountability.

OUTLOOK TOWARDS AN UNCERTAIN FUTURE

As of today, we can forecast a very challenging year ahead for Mauritius. Covid-19 remains rampant, albeit with less severe cases, and the logistics and supply chain issues faced in 2021 are likely to continue. With the current geopolitical tensions, particularly the war in Ukraine, we are already seeing a significant increase in petrol, coal and oil prices, creating major inflationary pressures on the world economy and on the economy of Mauritius. In the year ahead we expect to see a rise in interest rates, which will affect profitability and our cash flow, despite the Group not being highly geared. With such an uncertain future, it is difficult to forecast performance and we can only respond through the consistent implementation of our current business strategy. We lived through a very strange and difficult year in 2021, hoping for a major recovery in 2022, and with the prevailing global climate, there is no visibility on how long this could take.

I am confident that we have the right management structure, pool of talent, people, attitude, and the right competencies, to attain both our financial and non-financial objectives. In our Property and Leisure cluster our vision is to make Beau Plan a real showpiece of how to create an integrated living space and we have the right team to do it. Going forward, the extent and speed at which we will roll out our property projects will depend on the local and international environments. Our Cane cluster is as competitive as any other producer on the island, if not better, and in our Brands cluster the results speak for themselves. Our team is doing a great job and we are well placed in that sector. Similarly, for electricity production, we have French partners who are world class in managing operations.

We will maintain a close working relationship with the Government to find a solution for electricity supply, which remains a real challenge. Working with Government on an almost daily basis through our various clusters, has meant that we have developed very constructive means of engagement. A major success this year for our Property and Leisure cluster has been the win-win conclusion of land-swaps with Government for future developments.

We are going to remain extremely prudent in the light of what is being thrown at us. In terms of our risk profile – we will not become more risk-prone; rather we will remain prudent in the way we operate and how we finance operations. We will continue our association with the best partners and contractors across the various businesses and remain agile to respond to any logistics and supply chain problems. Cash flow will remain a key focus and all our cost containment exercises will be reinforced. We will not shy away from opportunities when they arise as it is during these tough times that some of the most important opportunities emerge. We will continue refining our strategy, continue identifying growth projects, and balancing this with our risk profile.

APPRECIATION

This was a very tough year, and all merit should go to our extremely competent management team and dedicated employees for wavering these storms with a very cool head. We never witnessed any panicking, and projects were delivered on schedule and as forecasted.

I wish to thank all members of the Board of Directors for their continuous support over 2021, their availability and willingness to engage in great discussions, not always in total agreement, but with a sense of respect for the different views held. I wish to extend, on my behalf and on Terra's behalf, a special thank you to Margaret Wong Ping Lun, who will be retiring upon closure of the Annual Meeting, for her relentless support at Board level. She has been a competent and hard-working Chair of the Audit and Risk Committee and we thank her for her contribution during these difficult times.

I also wish to extend my deep appreciation to all Terra's business partners and stakeholders, including especially those within the Government of Mauritius, for their proactive collaboration throughout the year. Our shareholders have supported us throughout, and we saw the share price go up significantly in 2021. We are glad that we have been able to come back to an appropriate level of dividend payment and that the markets are appreciative of our efforts.

Times are tough, but we are far from pessimistic. We are continuously strengthening and adjusting our Group activities and leaving no stone unturned to get the company on an even stronger footing.

Alain Rey
Chairman of the Board

07 September 2022

Managing Director's Message

Is it the end of Covid? Is it the start of a new cold war? We are in the middle of unpredictable times, and both will have a significant impact on Terra's future.

In 2020 the Group stood at a net loss after tax of MUR 210.4 million, while the company posted a profit after tax of MUR 131.5 million. In that difficult year we improved our resilience, therefore enabling us to navigate through these unprecedented times. In 2021 we are posting much better results, with a Group profit after tax of MUR 316.7 million (against a loss of MUR 210.4 million in 2020). The results would have been even better without the impairment on Terragen due to the unprecedented increases in prices of coal.

Our strategy to stay focused and to be amongst the leaders in our field has paid off. In parallel, we continued to review our investment portfolio with a view to streamlining it further and concentrating on strategic investments.

The effect of the Covid-19 pandemic on a small economy like Mauritius has been significant. The closure of borders had a large impact on the tourism industry, which accounts for some 20% of our GDP in a normal year. The lack of revenue, especially foreign currency revenue generated by tourists, seriously affected our economy, with the Mauritian Rupee depreciating against other currencies. In parallel, commodity prices increased sharply over the year, with freight costs up at unprecedented levels. Mauritius being far from its import and export markets was particularly affected both by inflation and the ocean freight issues. This not only relates to higher costs, but also to port efficiency and the availability of fewer shipping lines, which is affecting the country and in turn the activities of Terra.

The Ukraine war will put further pressure on commodity prices, which will in turn impact our activities. On one side, the erosion of the Mauritian Rupee will help our export-orientated companies. Our Cane cluster has benefited from this depreciation, but also from the fact that *bagasse* is now remunerated at a better price, combined with improved global sugar prices. As a result, the price of sugar ex-Syndicate increased from MUR 14,000 in 2020 to MUR 16,765 in 2021. Total revenue including *bagasse* and molasses has increased from MUR 15,600 per tonne in 2020 to MUR 22,000 per tonne in 2021. This could have been even better had freight costs not increased substantially.

On the other side, our Power cluster posted a loss of MUR 384.4 million due to an impairment of our assets given unprecedented increases in coal prices. The coal price is a major concern for Terragen, as revenues and profits are directly linked to it. Our current indexation formula is not adapted to the price of coal reaching certain levels. Over the last 20 years, the price of coal per tonne has oscillated between USD 50 and USD 120; with the Covid-19 crisis combined with the Ukraine war, the price has now reached more than USD 400 per tonne, which was totally unforeseen. We are currently in a mediation process with CEB to try to find a solution to this situation.

Our Brands cluster performed well in 2021. The local demand was sustained and the opening of our borders in the last three months of the year brought a breath of fresh air. We also acquired, in early 2022, the minority 33% stake in Grays Distilling shares to become the sole owner.

Our Property and Leisure cluster exceeded its forecast and posted a profit of MUR 92.3 million in 2021 (compared to a profit of MUR 20.5 million in 2020). Projects have been in good demand and were sold out. Despite the huge difficulties faced by the construction sector, we have managed to keep on schedule the implementation of most of our projects.

In my message to shareholders last year, I highlighted that our strategy would need to be constantly reviewed as we navigate in such unpredictable times. Our compelling three-year strategic plans that provide a clear vision for the Group to deliver long-term value, were adapted to the prevailing Covid-19 context. The agility of each of our clusters, facilitated by the restructuring that took place a few years ago and supported by the strong teams in place, showed the alignment across the executive team and Directors during this tough year, and how well these structures continued to work.

CANE: IMPROVED PROFITS DESPITE BEING A DROUGHT YEAR

This is the second year that the north of the island has been experiencing a drought, resulting in reduced sugar production in 2021, following an already tough year in 2020.

On the positive side, higher world sugar prices have helped the Cane cluster to post a profit of MUR 105.3 million for the year, compared to MUR 40.3 million in 2020.

Managing Director's Message (cont'd)

The sugar industry is now at a crossroad. The World Bank report on the future of the industry has been approved by Government and has clearly pointed out the importance of taking bold steps to revive our sector. Covid-19 has also shed some light over how critical our industry is to the economy of Mauritius. The Government has already announced better *bagasse* prices and the construction of a modern storage facility to improve competitiveness. These bold measures will hopefully put an end to the decline in sugar production in Mauritius. The Government has set a target of going back to 400,000 tonnes of sugar production per year. As a country, our production has reached a dramatical low level of 255,000 tonnes.

Our Côte d'Ivoire operations faced a difficult year in 2021 partly due to climatic conditions and increased costs. We expect 2022 to be another challenging year. Our key focus is to increase production of sugar from 91,000 tonnes to 120,000 tonnes in 2024 to satisfy local demand and at the same time reduce the cost of production.

BRANDS: IMPROVED RESULTS

We obtained better results in our Brands cluster in 2021 due to strong local demand and the opening of borders. All our top brands performed well and the efforts on cost cutting in 2020 bore fruit in 2021. We also became the sole shareholder of Grays Distilling in early 2022.

This is the second year of a short sugar crop and with decreased molasses volumes, this impacted performance at the distillery, leading to a decrease in profitability. Nevertheless, with the new fermentation house that became operational in the second half of the year we have automated a lot of processes, which has improved efficiency in the production of alcohol. Our main concern remains a much-needed improvement in volumes of sugar cane.

Major supply chain issues in Mauritius over the past 12 months – including the lack of service lines coming to the island and containers taking three times longer to get here, as well as poorer efficiency of the port – presented significant logistical problems for Grays. This impacted on the import of finished goods and raw materials, as well as the export of finished products. Despite this, we still had a fair performance.

POWER: COAL INDEXATION

The extension of our Power Purchase Agreement (PPA) with the CEB, signed in 2020 for five years, ends in June 2025. This extension unfortunately, does not incorporate a full pass-through formula or coal.

The imbalance of the coal element in the price sold to the CEB has and will cause great prejudice to Terragen in the face of commodity price increases. Coal price per tonne moved above USD 400 in March 2022, against an average price of USD 75 over the last 20 years.

In the circumstances, Terragen had no other option but to declare Force Majeure under the PPA with CEB and suspended its operations on 29 April 2022. Operations resumed at the beginning of the crop season, on 27 June 2022, using *bagasse* to generate electricity, and the parties are currently engaged in a mediation process to seek a workable solution.

In parallel, the Government has set an ambitious goal of producing 60% of its energy from renewable sources by 2030 and we have submitted a plan to phase out coal by then. The CEB has asked for an application for a Request for Information (RFI) to see how we can achieve this goal. We have replied to the RFI and are now waiting for the authorities to engage in the process. We are also awaiting the biomass framework to be enacted to better understand how all renewable sources will be remunerated in the future.

PROPERTY AND LEISURE: WE CONTINUE TO DEVELOP AND INVEST FOR THE FUTURE

Our Property and Leisure cluster continued to be impacted by Covid-19, with a second lockdown at the beginning of the year stopping construction operations, delaying the opening of our retail centre Mahogany Shopping Promenade to 24 June 2021. The launch nevertheless, went very well, with 200,000 visitors on average per month, exceeding our initial plans.

The cluster posted a profit of MUR 92.3 million due to higher revenues on land sales, improved sales of non-strategic land, duplex, apartments, and better than expected performance at Mahogany Shopping Promenade.

We saw the successful sale of all our projects, three outside the Smart City and the launch of two projects within the Smart City.

The financial performance of *L'Aventure du Sucre* improved with reduced losses of MUR 10 million (compared to losses of MUR 20 million in 2020).

INVESTMENTS

Our associate in the insurance industry, Swan General Ltd, remained resilient during the year and net profits attributable to Terra amounted to MUR 254.0 million (MUR 213.1 million in 2020). We acquired part of the shares of Grinaker LTA in Rehm-Grinaker Construction Ltd, and the latter was considered as a subsidiary as of July 2021. Our investments performed much better in 2021 with less impairments, and our strategy of divesting our non-core assets and activities is going well.

OUTLOOK

The year ahead will be focused on getting through these unpredictable times. I am confident that we have the right teams in place to achieve this objective. We are expecting better results in 2022.

The real estate cluster will post better results, with major sales in apartments and serviced plots. Construction of the 10,000 square meter business park has begun, and we will continue to tailor our offering at our Mahagony Shopping Promenade, that started well in 2021 with a strong base of visitors. Our strategic move to create a vibrant Smart City in Beau Plan will reap benefits in the coming years.

In terms of Brands, given the very high prevailing inflation we will be taking a cautious approach on local demand as this will likely decline. We hope that with the opening of borders and tourists coming in, this will mitigate any loss in local demand.

We are cautiously optimistic in terms of our Cane cluster; we hope that we have seen the end of the droughts from the last two years, and with a normal crop year we can post better results in 2022. Terragri will benefit both from better world sugar prices and its improved efficiency. We need to look to the future to sustain the sugar industry. With our 100% specialty sugars, the volume of cane will be critical for the future. The MSS has also asked for better protection of the Mauritian market, which will bring additional revenues.

Terragen and our contract with the CEB remains the most pressing concern, especially in the face of increasing commodity input prices.

As announced in the National Budget Speech in June 2021, the long-awaited pricing for *bagasse* (MUR 3,300 per tonne of sugar) was effective as from the 2021 crop season. This provided a new boost to the industry that continues to contribute positively to the national economy.

A good biomass framework that incentivises all producers to plant more is very much needed, and we will work together with the authorities to make this happen. We are grateful to the Minster of Agriculture for acting promptly and swiftly to the recommendations of the World Bank report. Terra being a major player in the sugar industry will give its full support to revive the industry and work closely with authorities. We are still at a critical crossroad and many more bold steps and actions will be needed to achieve the production of 400,000 tonnes of sugar per year.

ACKNOWLEDGEMENTS

During these difficult times we required agility within amongst our workforce, with many employees facing challenging circumstances when working remotely.

I wish to express my appreciation and gratitude to my colleagues on the executive and the management teams in each of the clusters, as well as to Terra's employees at all levels in the Group, for their resilience and unflinching commitment in these difficult and unusual times. The results have shown that Terra has a highly professional team, and we can build on this for the future. I would also like to thank my colleagues on the Board for providing valuable advice and oversight, and for taking important decisions on investments for the future. The Board members have provided incredible support amidst the Covid-19 crisis and shown us that they have full confidence in our business strategy and its implementation.

The fact that we have been able to generate profits during this tough period is commendable.

I would also like to thank all the authorities with which we engage, through our various business clusters. We have better working relationships today and we sincerely hope that this will continue.

I am more confident than ever that we have the right structure, people, know-how and business plans in place to capitalise on our expertise and create long-term value for our shareholders and other stakeholders.

We will continue to adapt, to be agile and to ride the storm(s)!

Nicolas Maigrot
Managing Director

07 September 2022

Financial Review

Group turnover for 2021 increased by MUR 1,471.6 million, to MUR 6.2 billion, while Group profits for the year stood at MUR 316.7 million, an increase of MUR 527.1 million from the loss of MUR 210.4 million in 2020. All Group clusters posted improved results other than the Power cluster which, despite good operational performance in 2021, had to book a substantial impairment of MUR 535.9 million caused by unprecedented increases in coal prices. Overall Group results were negatively impacted by total non-recurring items of MUR 396.7 million, made up of total impairment of MUR 536.3 million, but mitigated by net favourable fair value movement on investments of MUR 99.8 million and profit on disposal of an associate for MUR 39.8 million.

Net Asset per share at 31 December 2021 was MUR 62.2, up from MUR 59.7 in 2020. The Group's balance sheet remains strong, with owners' interest at MUR 14.2 billion and Group gearing remaining at the reasonable level of 22.8%. The financial position allows us to pursue our investment strategy, and to remain resilient.

AUDIT OPINION

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

Sucrivoire's financial statements for the period under review are audited by qualified auditors in Côte d'Ivoire. Our Group auditor, BDO, did not consider having received sufficient comfort from the auditors of Sucrivoire and accordingly deemed it appropriate to qualify our 2021 audit report.

Sucrivoire's share of net assets as at 31 December 2021 was MUR 713.2 million, representing 3.2% of Terra Mauricia's total assets, which are worth MUR 22.3 billion.

GROUP PROFITABILITY IMPACTED BY IMPAIRMENT ON POWER PLANT

Group profitability was impacted by impairment losses on Terragen and Sucrivoire's unfavourable variance on standing crop.

Gross profit for the Group increased by 29.9% to MUR 1.4 billion, while Group normalised EBIT increased by MUR 315.8 million to MUR 622.5 million. This increase is mainly attributable to improved profitability derived from most of the clusters.

Our local sugar operations recorded a profit of MUR 235.3 million, driven by continuous improvements in operational efficiency and cost of production, coupled with an increase in sugar price of MUR 2,703 per tonne for the 2021 crop, which reached MUR 16,765 per tonne. Our associate in Côte d'Ivoire had a subdued crop in 2021 and recorded an unfavourable variance on standing crop, which resulted in a loss of MUR 130.0 million (2020: profit of MUR 46.4 million). This contributed to the Cane cluster posting an overall profit of MUR 105.3 million, compared to MUR 40.3 million in 2020.

Despite good operational results, including an 18% increase in electricity generation year-on-year, the best record in Terragen's history, the Power cluster had to recognise an impairment of the plant and related equipment, for an amount of MUR 535.9 million. This impairment was a result of the unprecedented increases in coal prices and the uncertainties of the current economic environment leading to a reassessment of the carrying value of the plant at reporting date. The cluster therefore posted losses of MUR 384.4 million, compared to profits of MUR 35.8 million in 2020.

Brands increased its profitability from MUR 102.2 million to MUR 136.5 million, mainly attributable to Grays Inc.'s resumption of sales to the hospitality sector, which had been closed for most of the previous trading period, following the outburst of the Covid-19 pandemic.

The Property and Leisure cluster recorded improved revenues from property rentals, consultancy fees, and land sales, reflecting its strategy to invest in yielding assets and major infrastructure. The leisure division performed better, following the reopening of our borders at the beginning of Q4 last year, and the successful opening of the Mahogany Shopping Promenade that brought its share of contribution. The cluster managed to record an after-tax profit of MUR 92.3 million, compared to MUR 20.5 million in 2020.

At Group level, finance costs for the year stood at MUR 159.2 million, down from MUR 173.0 million, mainly because of lower losses in foreign exchange. The share of profits from associates increased by MUR 41.3 million to reach MUR 290.5 million.

Group profits for the year amounted to MUR 316.7 million, while profit attributable to equity holders of the Company amounted to MUR 462.3 million in 2021 due to more profits generated in entities where the Group holds a bigger stake, compared to losses of MUR 268.9 million in 2020. Consequently, earnings per share of MUR 2.03 were recorded compared to a loss per share of MUR 1.18 last year.

	2021 MUR' M	2020 MUR' M	CHANGE %	
Revenue	**6,223.8**	4,752.2	31.0%	▲
Profit / (loss) before finance costs (EBIT)	**164.1**	(93.8)	274.9%	▲
Adjusted for:				
Fair value gain / (loss) on non-current asset held for sale	**(77.0)**	314.0	(124.5%)	▲
Impairment loss on financial assets	**59.5**	64.2	7.3%	▼
Impairment loss on non-financial assets	**536.3**	22.3	2,304.9%	▲
Reversal of impairment loss on financial asset	**(60.4)**	-	100.0%	▲
Normalised EBIT	**622.5**	306.7	103.0%	▲
Profit / (loss) after tax	**316.7**	(210.4)	250.5%	▲
Earnings / (loss) per share (EPS)*	**2.03**	(1.18)	272.0%	▲
Net asset value per share (NAV)*	**62.2**	59.7	4.2%	▲
Gearing**	**0.228 : 1**	0.223 : 1		▲
Dividend per share*	**0.85**	0.57	49.1%	▲

** Values are shown in MUR* *** Debt / (Debt + Equity)*

STRONG BALANCE SHEET MAINTAINED, AND INCREASED DIVIDENDS PAID

The Group invested an additional MUR 250.3 million in property, plant, and equipment to maintain and improve plant operational efficiencies. Our investments in associates and financial assets are fair valued using the mark-to-market method for all quoted investments, and discounted cash flow (DCF) valuation principles where appropriate.

Our investment portfolio increased by MUR 671.7 million to MUR 4.3 billion, and our total assets reached MUR 22.3 billion, almost on par with last year.

Owners' interest increased by MUR 565.9 million to MUR 14.2 billion, mainly due to profits realised and higher reserves on investments.

Group net debt amounted to MUR 3.7 billion, an increase of 5.2 % over last year. Net debt to equity is at 24.0% and remains low in terms of the overall Group's borrowing capacity.

Net asset value increased by MUR 2.50 per share to MUR 62.2 per share. Market capitalisation of the Group was at MUR 7.0 billion as at 31 December 2021. The Company paid a dividend of MUR 85 cents per share to its shareholders.

SALIENT CASH FLOW MOVEMENTS

Cash from operating activities, including dividends received from associates and working capital movements, amounted to MUR 507.7 million, while net cash used in investing activities stood at MUR 462.9 million. The investments were mainly in property, plant, and equipment (MUR 250.3 million), purchase of investments properties (MUR 375.4 million), and intangible assets acquired (MUR 3.4 million).

Terra also applied funds towards equity investments in Inside Equity Fund (MUR 50.1 million), United Docks (MUR 28.8 million), Thermal Valorisation (MUR 19.5 million), Swan Life (MUR 10.9 million), Rehm Grinaker (MUR 18.7 million) and made a deposit on investments of MUR 82.9 million.

Cash inflows were mainly derived from proceeds realised on the sale of land (MUR 190.7 million) and fixed assets (MUR 15.9 million). Other cash inflows consisted of proceeds on sale of investment properties (MUR 63.7 million), proceeds on sale of investments (MUR 94.6 million), interest received and minor other proceeds of (MUR 12.2 million).

Financial Review (cont'd)

SALIENT CASH FLOW MOVEMENTS (CONT'D)

The net cash used in financing activities amounted to MUR 35.0 million; this consisted mainly of funds raised from financial institutions (MUR 184.7 million net of repayments), which were used to finance investment projects and acquire investments. Overall dividends to Terra and the minority shareholders of its subsidiary companies amounted to MUR 219.7 million, compared to MUR 206.5 million last year.

After taking into consideration the above transactions, overall cash and cash equivalents increased by MUR 9.8 million and stood at MUR 472.4 million.

OUTLOOK FOR 2022

The IMF is projecting a real GDP growth of 6.1% in 2022 for Mauritius. Following a sharp contraction due to the pandemic, the Mauritian economy is gradually recovering with many economic sectors reaching pre-pandemic levels. Economic recovery is expected to continue to be driven essentially by the tourism sector with tourist arrivals projected to reach around 800,000 in 2022 (60% of pre-pandemic levels). With the deterioration in global economic conditions, there is however some degree of uncertainty surrounding our growth outlook.

Annual inflation is expected to rise to 11.4% in 2022 as Mauritius continues to be impacted by surging commodity prices worldwide, supply chain disruptions and depreciation of the rupee.

Most clusters, including our main associates, are expected to post improved results for the financial year 2022. The demand for the property projects that we are launching at Beau Plan and on other sites remains encouraging. The Mahogany Shopping Promenade is performing satisfactorily, and the construction of a 10,000 square meters Office Park next to the Mahogany Shopping Promenade is progressing well and is scheduled to be completed in the first quarter of 2023. As announced in the National Budget speech in June 2021, the remuneration of *bagasse* has been implemented and contributes towards the sustainability of the sugar cane industry. Sugar operations in Côte d'Ivoire were hampered by a drought and disease in cane fields which caused a dropped in sugar production. The focus remains on increasing production and upgrading the sugar milling facilities over the next five years, as planned to cater for local demand. Terragen remains a reliable energy producer in Mauritius and is presently studying how best to address the recent hikes in coal prices and the uncertainties caused by the conflict between Russia and Ukraine, which has exacerbated the matter, causing the price of coal to reach record high levels. In the circumstances, Terragen had no other option but to declare Force Majeure under the Power Purchase Agreement with CEB and the parties are currently engaged in a mediation process to seek a workable solution.

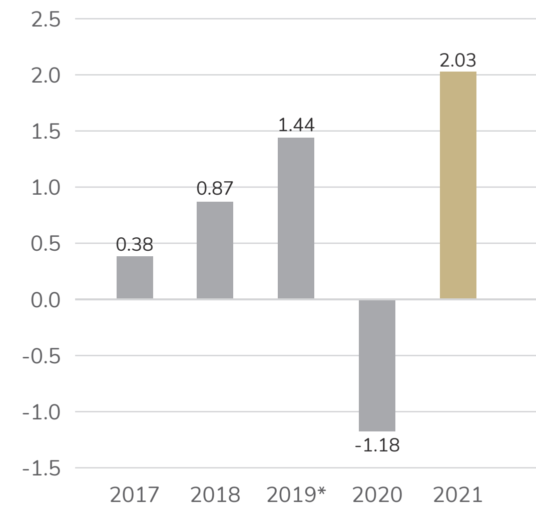
Terra will pursue its strategy of investing in, and improving the efficiency of, its core activities including built-up projects and the relating infrastructure of the zones under development. Our efforts and attention remain dedicated to improving our EBITDA margin and the overall Group return on equity, and to improve free cash flow generated from operations.

I wish to thank the Board and my colleagues on the Executive and Finance team for their valuable contribution during these difficult and changing times.

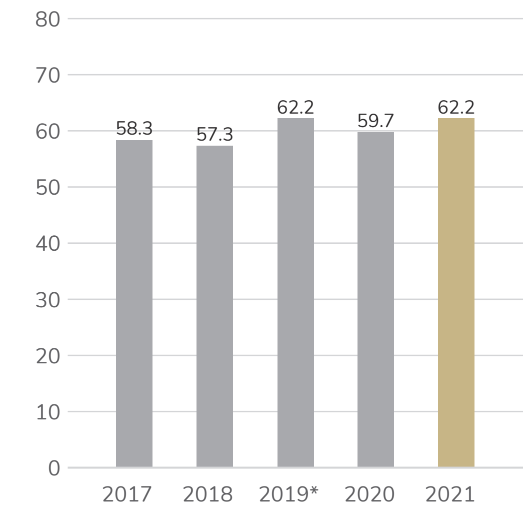
Henri Harel
Group Chief Finance Officer

07 September 2022

Earnings per Share (MUR)

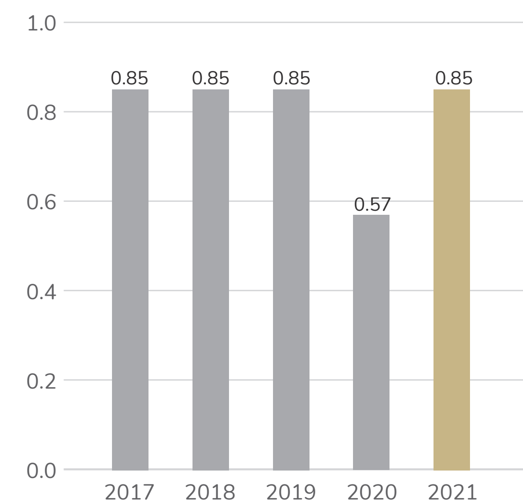


Net Assets per Share (MUR)

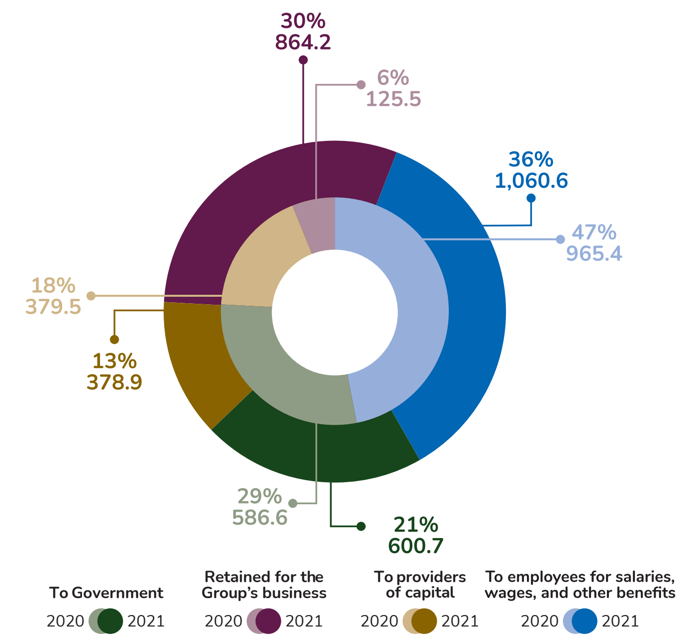


The 2019 figures have been restated

Dividend per Share (MUR)



Total Wealth Distribution (MUR'M)

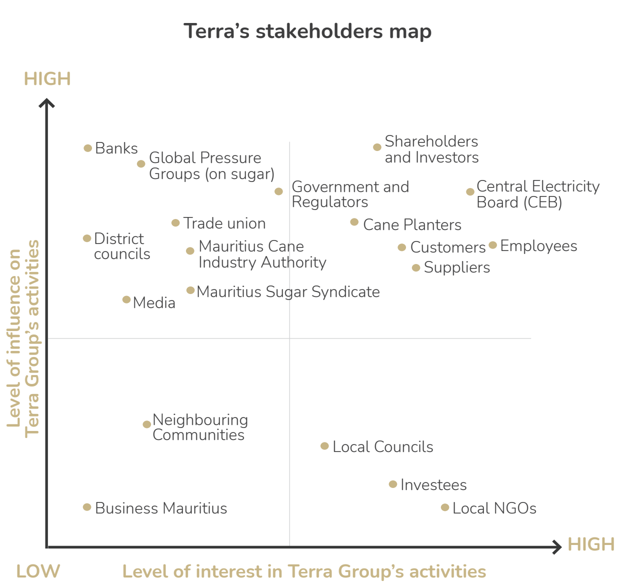


Our Stakeholder Relationships

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

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

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



	VALUE CONTRIBUTION	HOW WE ENGAGE	KEY STAKEHOLDER INTERESTS	
EMPLOYEES	The skills, experience, productivity and enthusiasm of our employees is the foundation of Terra's ability to deliver value.	In addition to internal newsletters and website, we have periodic management/ employee meetings, individual personal interactions and training. We run surveys every two years with our employees to assess the levels of employee engagement and remuneration. No surveys were undertaken in 2021 due to Covid-19 but are planned for 2022. In two clusters (Property and Leisure and Cane) we have continued to embed culture engagement journeys, instilling certain values into their operations to co-create a working culture. In our Cane cluster we negotiate with trade unions upon expiry of the collective agreements in place, generally every three years.	• Competitive remuneration • Opportunities for personal development and upskilling • Clear career paths • Safe and healthy working conditions • Employee wellbeing • Clear communication and engagement across the Group • Employee morale and corporate culture • Sustainability	Quality of our current engagement ****
SHAREHOLDERS AND INVESTORS	Shareholders and investors provide the financial capital needed to sustain and grow the business. An overview of the shareholding ownership structure is provided on page 99.	We communicate through our website, annual integrated report and annual general meeting regarding our performance and strategy. Announcements and communiqués are regularly issued through the Stock Exchange. Certain members of the executive team also meet personally with individual investors. The Chairman and four other members of the Board are also members of the Board of the main shareholder.	• Delivery of dividends • Strategy to ensure continued growth, and to responsibly manage the risks and opportunities in our markets • Responsible allocation of capital • Sound corporate governance • Climate change and greening investments	Quality of our current engagement ***
GOVERNMENT AND REGULATORS	Government and regulators provide us with necessary operating licences, and with the regulatory and policy framework that is critical to value creation. They inform what we can do, how we do it, and where we can operate.	We seek to maintain positive relationships with Government through: • Direct personal engagement on specific issues; • Mauritius Cane Industry Authority (MCIA) representative (Control Board) permanently on site (in sugar factory); • A specialised team in Property and Leisure cluster • Participation in public forums; • Submissions on draft regulations; • Engagement through industry bodies; and • Collaboration on national development plans.	• Ensuring regulatory compliance • Protecting consumer interests • Contribution to the tax base • Promoting opportunities for job creation and economic development • Increased production of sugar • Corporate Social Responsibility • Climate change mitigation / green energy • Flood mitigation • Independent sources of electricity and water (property development)	Quality of our current engagement ***
INDUSTRY ORGANISATIONS	Engaging with these organisations is key to driving business best practice, identifying new opportunities, and creating a conducive long-term business environment.	We are active participants in numerous industry associations, including (but not limited to): the Mauritius Sugar Syndicate (MSS), the Mauritius Chamber of Agriculture and Business Mauritius. The presidency of the MSS is shared on a rotational basis amongst the Managing Directors of the sugar companies and we engage with the MSS on a weekly basis. Active participants on committees and sub-committees under Business Mauritius.	• Provision of leadership • Collaboration • Contributing to the collective business voice • Structural reform • Effective dialogue between authorities and private sector • Sustainability	Quality of our current engagement *****
SUPPLIERS / SERVICE PROVIDERS	Maintaining positive supplier relationships, based on mutual respect, enables us to provide our products, and deliver our customer value proposition efficiently and effectively.	We engage regularly with key suppliers and service providers across our clusters to ensure a mutually beneficial relationship, particularly in relation to the provision of critical products, raw materials and services.	• Timely payment and fair terms • Realising joint opportunities for growth • Fair negotiations in relation to increasing cost of materials	Quality of our current engagement ****
CUSTOMERS	Meeting the needs of our customers – through the specific 'customer value proposition' for each cluster – is the basis for all other values we create. We have a diversity of customers, from wholesale and retail operations to individual consumers across a range of income groups and countries.	The nature of our engagement varies across clusters and customer type. We strive to engage regularly and be responsive to customer interests across our value chain, seeking feedback through individual engagements, as well as broader customer surveys and research. In-house communication and other strategic teams ensure we remain connected to customers and are quick to respond.	• Quality product and service • Appropriate price • Continuity of supply • Relevant product information • Partner relationships (tenants) • Better rates per square meter (tenants) • Multiple internet providers and mobility (Smart City) • Tailored customer offering (mall) • Energy savings (tenants)	Quality of our current engagement ****
CENTRAL ELECTRICITY BOARD (CEB)	The CEB is our principal client for energy generated at Terragen; we strive to maintain this relationship on a long-term basis by providing a reliable and cost-effective supply of energy, and supporting the Government in its commitment for greener energy.	We maintain a strong and transparent relationship with our client through various communication channels: telephone, meetings, and satisfaction surveys.	• The reliable and cost-effective supply of energy • Open communication on plant performance • Increase the share of renewable energy in the energy mix of the country	Quality of our current engagement ****
CANE PLANTERS	We rely on a regular supply of cane from independent small-scale cane producers to maintain the productivity of our mill and produce our premium specialty sugars. Due to current price challenges farmers are leaving the sector, and there is low interest in the younger generation.	We communicate directly with planters through various channels, including regular meetings before and during harvest, one-to-one in fields, and a monthly liaison meeting with Farmers Service Centre. Our small planter advisors work with them to be more efficient and help with their harvesting and transport. We also engage regularly with authorities to identify opportunities to appropriately motivate the next generation of planters.	• Open and effective communication • Assurance that the mill will crush the canes in a timely and efficient manner and deliver the sugar produced to the MSS • Access to finance and labour • Structural reform • Support in regard to efficiency, harvesting and transport	Quality of our current engagement ****
LOCAL COMMUNITIES	These stakeholders provide us with our reputation and societal legitimacy, and are often very valuable partners in highlighting challenges to be addressed and finding solutions, including investments in projects.	We communicate and engage directly with neighbouring communities through Terra Foundation and our individual business units to promote community development at both a regional and national level and ensure good communications regarding environmental issues. We also publish and distribute a newspaper to provide information about developments in Beau Plan. Our national campaign to stop criminal fire burning was launched in 2021 working in collaboration with the Commissioner of Police and the Fire Brigade. The campaign aimed to address misinformation and inform the public that most fires are criminal. It also focused on the environmental impact of fires, the danger to the public and the impact on the economy.	• Transparency and accountability • Corporate Social Responsibility and NGO partnerships • Investment in community infrastructure • Access to job and supplier opportunities • Inclusive development • Good environmental practices • Cultural activities • Public safety	Quality of our current engagement ****

*No engagement - We are not engaging in any manner.

** Reactive - We have informal ad hoc engagement, usually in response to a specific issue or concern; engagement often at an individual rather than organisational level.

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

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

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

Managing our Material Risks

RISK MANAGEMENT

Terra has a structured and systematic process of identifying and managing all material risks across the Group. At the end of 2020, Ernst & Young (EY) was appointed to review the Risk Management Framework and the Group Risk Policy. During this exercise, the risks of each cluster and those relating to the Group were reassessed. The principal risks that have a material impact on Terra's ability to create value at Group level are outlined in the list below. Cluster-level risks are shown in their respective operational review.

ROLE OF THE BOARD AND AUDIT AND RISK COMMITTEE

The Board provides oversight over Terra's risk framework, policies and processes. While it delegates these matters to the Audit and Risk Committee and a newly designated Group Risk Management Committee, composed of the Managing Director, the Group Chief Finance Officer and the Administrative Executive, it remains ultimately responsible for the development and implementation of the risk management strategy and plan. The Board is satisfied that the Group's risk management processes are effective and details of the internal controls, audit and risk-management framework are shown on pages 102 to 106.

The main residual risks at Group level as at 31 December 2021 are summarised in the list below. Residual risks relate to risks that remain after risk mitigating activities have taken place.

	RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
R1	Unexpected consequences of specific terms of the Power Purchase Agreement (PPA) resulting in difficult operating and financial conditions.	• Lack of visibility on the terms that will apply to the next PPA. • Reduction or stoppage of coal importation, resulting in the power plant not operating at full capacity • Significant increase in coal prices on the international markets.	• Engaging closely with the authorities and the CEB. • A new energy business model has been presented to the government and the CEB that incorporates a plan to carry out the energy transition of the plant to a 100% renewable coal-free model. • Continue to be a reliable and very competitive supplier of electricity to CEB.	New
R2	The risk that the Group is exposed to the consequences of an economic downturn and decline in consumer spending.	• Erosion of purchasing power of local buyers. • Lack of visibility over timing and speed of recovery from pandemic. • Disruption in the supply of imported items. • Loss of sales from the tourism sector. • Loss of tenants due to the impact of the recession. • Increased construction costs.	• Diversified business portfolio helps cushion the impact of a downturn. • Containing capital investment and operational expenses to what is essential. • Some of our businesses are not directly impacted by the pandemic.	Unchanged
R3	The risk that the continued decrease in the supply of cane and its by-products curtails the milling, distilling and power generation activities.	Drop in cane supply is accelerated by the following: • Sharp increase in price of fertilisers. • Decline in number of small and medium planters. • Drop in area available for cultivation as a result of real estate developments by planters. • Urbanisation resulting in challenges to cultivate next to residential areas.	• Advocate to receive the adequate price for *bagasse*/biomass to encourage planters to continue cultivating canes. • Supporting small planters: – Taking initiatives to motivate the next generation of farmers. – Advising small farmers on harvesting, weeding and transporting the cane.	Unchanged
R4	The risk of oversupply of properties on the market results in loss of revenue.	• Increased number of projects are being implemented nationwide and the market has not grown proportionately.	• Property projects are attractively located (in close proximity to sought after locations in the North).	Unchanged

Operational Review

"You must stay focused on the end results to achieve your goals."

CATHERINE PULSIFER

Cane

Terra has been growing sugar cane and producing sugar since 1838, when the Harel brothers acquired the Belle Vue sugar estate in the north of Mauritius. Today we have around 6,000 hectares of agricultural land, and we operate one of the most modern sugar producing factories on the island. We also jointly manage two sugar estates and factories in Côte d'Ivoire.

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

CANE BUSINESS MODEL

VALUE DRIVERS	CONTEXT AND OUTLOOK
REVENUE DRIVER (PRICE)	
MARKET DEMAND AND PRICING • Commodity business shaped by supply and demand dynamics in the global sugar market, as well as local pricing determined by the Mauritius Sugar Syndicate (MSS). • Securing a price premium through distinct offering of specialty sugars.	• With volatile global sugar prices below profitability levels, an adjustment of the supply and demand dynamics through Government policy support is vital for industry survival; Mauritius as a relatively small global producer continues to face several market obstacles, but the Government has shown positive signs of engagement with the industry and has announced a better remuneration for *bagasse*. • Sugar prices are on the rise with an increase of 19% per annum in 2021. • Mauritius has specialised in the manufacture of a wide range of specialty sugars, appealing to discerning customers and many agro-industrial ventures as healthier ingredients for finished food products; products are all marketed by the MSS which has become a reference for these unrefined specialty sugars. With the renewed focus by the MSS in targeting households and chefs as potential buyers for our specialty sugars, we have a more direct and active engagement with buyers. • We maximise the value of our sugar mix, by producing the right mix and concentrating on higher value products.
COST DRIVER (PRICE)	
MATERIAL COST EFFICIENCIES • Supply and demand of raw materials and freight costs. • Efficiency gains in our growing and milling activities.	• The costs of fertiliser and herbicide have increased substantially driven by an increase in freight cost and an imbalance in supply and demand dynamics due to Covid-19. This has been offset to some degree by precision fertilisation, but costs will remain a challenge. • We have adopted a predominantly defensive strategy aimed at driving operational efficiencies in both our Belle Vue and Côte d'Ivoire operations. • We benefit from our state-of-the-art technology and skills in the mechanisation of cane growing and harvesting. Digital farming enables us to increase efficiencies in the face of a reduced workforce. • Our most significant costs relate to labour, followed by repairs and maintenance, fuel and fertilisers; activity-based costing exercises undertaken in our fields, mills and garage enable further optimisation. • We continue to review possible growth opportunities internationally that harness our recognised technological and process skills.

Cane (cont'd)

CANE BUSINESS MODEL (CONT'D)

The main residual risks for the Cane cluster as at 31 December 2021 are summarised below.

	RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
R1	Continued decrease in the supply of cane combined with high costs of production resulting in reductions in productivity.	• Drop in cane supply is accelerated by the following: – Sharp increase in price of fertilisers. – Decline in number of small and medium planters. – Drop in area available for cultivation as a result of real estate developments by planters. – Urbanisation resulting in challenges to cultivate next to residential areas.	• Supporting small planters: – Taking initiatives to motivate the next generation of farmers. – Advising small farmers on harvesting, weeding and transporting the cane. – Current price of sugar of MUR 25,000 / tonne for small planters to be sustained in the future. – Current scheme to support re-plantation of old fields to be accelerated in the future. • Optimising efficiency: – Adopting new technologies for digital farming. – Adopting lean management principles. – Investing in automation of processes.	Unchanged
R2	Not securing an adequate price for *bagasse*, leading to a drop in cane supply.	• A drop in sugar cane supply is detrimental to the milling activities. • Knock-on effect on the supply of *bagasse*, impacting our ability to shift to renewable energy sources for power generation.	• *Bagasse* has been adequately priced; awaiting a biomass framework in order to sustain this remuneration / indexation. Hence the risk has been significantly reduced.	Reduced
R3	Volatile global sugar price, below the break-even point for Mauritius.	• Impact of the pandemic on demand and production of beet sugar in our principal markets in Europe. • Impact of the pandemic on supply of sugars from competing countries such as Brazil and India. • Surge in cost of freight and reduction in vessels availability in Mauritius.	• Shifting towards specialty sugars that command a superior margin. • Working with the Mauritius Sugar Syndicate to market the Mauritian brand, our specialty sugars and gain access to new markets. • Less volatility in overall sugar prices since 25% of the overall sugar price is fixed (*bagasse*, molasses and bottlers contribution).	Reduced
R4	Changing climatic conditions adversely impacting cane yield, resulting in losses.	• Increasing demand for water from other users in the water-scarce north of Mauritius. • Certain competing countries are inherently more conducive to sugar cultivation in terms of soil structure, climate and water availability.	• Optimising water consumption and improving use of effluents for irrigation. • Securing insurance cover (through the Sugar Insurance Fund Board). • Adopting more resistant and higher yielding strains of cane. • Working with local authorities to increase the capacity of Nicolière dam. • Working with local authorities on a project of using water from retention basins.	Unchanged
R5	Plant and equipment failure, resulting in disruption to operations.	• Breakdown of major equipment within the mill. • Breakdown at Terragen operations impacting the supply of electricity and steam. • Impact of pandemic on timely supply of imported parts, and ability of specialist consultants to travel to Mauritius to perform maintenance and repairs.	• Investing in modern plant and equipment and replacing old items as and when needed. • Performing regular preventive maintenance and inspection of plant and equipment by specialist consultants. • Maintaining a stock of critical spares on site. • Coordination and planning of operations with Terragen. • Improving insurance cover for machinery breakdown and consequential loss in revenue.	Unchanged

CANE BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
PEOPLE	TERRA MILLING EMPLOYEES **128** permanent **234** temporary TERRAGRI EMPLOYEES **224** permanent **57** temporary	• A dedicated Health and Safety Officer at Terra Milling, implementation of the ISO 45001 health and safety management system, equipment investments, an increase in health and safety training, reporting at the Board level, and instilling a health and safety culture among contractors has enabled us to achieve a low accident rate. • Safety measures and procedures in place in response to Covid-19 remain. • Private mentoring for individual employees where needed, plus leadership sessions for key managers.	TOTAL RECORDABLE INJURY RATE (TRIR)[2] **18.4** **(-6%)** LOST TIME INCIDENT RATE (LTIR)[2] **17.6** **(+3%)** SEVERITY RATE[2] **42.3** **(-19%)**
MANUFACTURED	Agricultural and milling equipment	• Annual maintenance and critical spares kept in stock. • Regular inspection by consultants and monitoring of equipment during operation through computerised system (SCADA). • Fire safety and protection procedures in place. • User access rights on operator terminals and regular server backups; access to USB ports disabled to enhance cyber-security.	
NATURAL	LAND UNDER CANE CULTIVATION (INCLUDING AREA BEING PREPARED FOR PLANTATION) **4,986 Ha** **(-7%)** WATER CONSUMED **3,032,101 m³** LIQUID MINERAL FERTILISERS **11,831 T** STEAM FROM TERRAGEN **754,332 Gj** **(-10%)** SUGAR CANE MILLED **718,969 T** **(+2%)** ORGANIC FERTILISERS **14,460 T** **(-23%)** SOLID FERTILISERS **262 T** **(-28%)** DIESEL **1,013 m³** **(+13%)**	• Small planter advisors in place to motivate small-scale farmers in implementing efficiency measures and assisting with their harvesting and transport. • Measures to optimise water consumption and better utilisation of effluents for irrigation. • R&D for organic cane and sugar production.	OWN CANE HARVESTED **327,705 T** **(+8%)** SPECIALTY SUGAR PRODUCED **71,760 T** **(-4%)** ORGANIC CANE AREA PLANTED **58 Ha** **(+16%)** OIL USED **9.5 m³** **(-38%)** VEHICLE TYRES USED **11 T** **(+33%)**

[1]Data as at 31 December 2021
[2]Calculation methodology was updated in 2021

Cane (cont'd)

CANE BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
SOCIAL AND RELATIONSHIP	Quality relationships with key stakeholders including: MCIA, MSS, Terragen, planters, employees and trade union representatives, and service providers.	• Continued to embed our Culture and Engagement Journey for employees creating a culture of caring and learning. • Negotiations with trade unions for three years, still ongoing. Remains uncertain when this will be resolved but with the support of external advisors in 2021, we are no longer front facing and this has helped the negotiations. • For Terra Milling Ltd 85% of workers remain unionised, while for Terragri Ltd 88% within its agricultural unit and 65% within the non-agricultural unit are unionised. • Active engagement with MSS, Business Mauritius, and Government stakeholders on the future of the sugar industry; assisting MSS to strengthen the branding and marketing of Mauritius' premium specialty sugars and exploring new market opportunities. • Customer visits to our facilities strengthens our relationships with them; any new sugar product requires new audits. We are closer to the customers today than we were five years ago. Our major sugar buyer remains Silver Spoon.	EMPLOYEE TURNOVER RATE **9.2%** **(2020: 12%)** DAYS LOST TO STRIKE ACTION **0** PAYMENT IN TAXES **MUR 0.8 million** Strengthened relationships with employees, Government departments and customers.
INTELLECTUAL	• International certifications, including BRC, GMP, Halal and C-TPAT. • Application of HACCP Codex Alimentarius. • A registered SEDEX B member and subject to annual third-party audit on local and international labour laws; health, safety and environmental regulations; and business ethics. • Integrated management system underway (ISO 14001)	• Renewal of certificates and customer second party audits to ensure safety of product and system, social and environmental compliance. • Improving efficiencies across our growing and milling operations. • New technologies and software (CanePro) enable digital / precision farming and we introduced yield monitoring on harvesters to build yield maps, enabling better decision making.	Continuous improvement in farming and manufacturing techniques. PRODUCTION COST (AGRICULTURE) **MUR 14,250/T** **(+2%)** PRODUCTION COST (MILLING) **MUR 7,900/T** **(+14%)** CANE PROCESSING **279 T/hr** **(-1%)**
FINANCIAL	CANE CLUSTER TOTAL EQUITY (JAN 2021) **MUR 6,778.2 million** TOTAL BORROWINGS **MUR 738.9 million** CAPITAL EXPENDITURE **MUR 144.1 million**	• Actively managed the financial performance through weekly executive meetings, monthly management meetings and regular Board meetings.	TURNOVER **MUR 1,226.6 million (+11%)** PROFIT **MUR 105.3 million (+161%)** CANE CLUSTER TOTAL EQUITY (DEC 2021) **MUR 6,797.8 million**

[1]*Data as at 31 December 2021*

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Sustaining supply from small-scale cane producers – Around 42% of our cane is produced by Terragri, with the balance produced by large (38%) and small (20%) growers, thus making us reliant on a regular supply of cane from independent small-scale cane producers. With the price of sugar remaining low and the difficulty in securing labour, some farmers are leaving the sector and there is generally low interest in the younger generation to work in the fields. This year, the volume of cane secured from planters was 394,000 tonnes compared to 406,000 tonnes last year.	To ensure a regular flow of cane to our mill, we are placing a strong focus on reviving the interest of existing and prospective independent cane planters. We have a team that works with and advises small farmers on harvesting, weeding, and transporting the cane. We continue to work with authorities to identify opportunities to appropriately motivate the next generation of planters. Long-term we will need to mechanise; digital farming is an important part of this transition.
Water availability – 60% of our fields are directly dependent on local rainfall, and thus susceptible to the uncertainties of changing weather and climate. In 2021 we faced a second year of below-average rainfall due to the ongoing national drought, which impacted on cane yields Mauritius-wide. In terms of irrigation for the remaining 40% of our fields, we face increasing competition from other users as the economy grows in the water-scarce north of Mauritius.	We continue to implement measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.
Continuing volatility in global sugar prices – In 2021 global sugar prices improved globally. In Mauritius, the price of sugar ex-MSS increased from MUR 14,062 per tonne in 2020 to MUR 16,765 per tonne in 2021. Total revenue increased from MUR 15,600 per tonne in 2020 to MUR 22,000 per tonne in 2021. This is mainly attributable to an improved sugar price and significant increase in remuneration for *bagasse*.	Ongoing discussions between growers, millers, the MSS and Government have been successful. Following the World Bank report's recommendations for the sugar sector the Government has implemented a better remuneration for *bagasse*, leading to a 25% increase in net sugar prices, a major plus for our operations and the industry. This has reduced the impact of volatile global sugar prices on Terra, but we still maintain a strong focus on enhancing efficiencies across our growing and milling operations and continue to make significant progress in reducing the cost of production.
Challenging sugar trade dynamics – Sugar is a worldwide commodity and 100% linked to the cost of freight, demand and supply dynamics, and climate change. The global sugar market was profoundly affected by the European Union's abolition of sugar quotas in October 2017, which contributed to a global supply surplus and resulting lower sugar prices. The global sugar market is also impacted by strong protectionist measures in many sugar-producing countries, such as in Europe and India where producers are given subsidies; Brazil, historically the largest sugar producer, mainly produces for its own internal use and for the production of ethanol for energy, with surplus being sold onto the global market. This results in very different pricing competitors to Mauritius. 2021 prices were supported by the Euro / Mauritius Rupee exchange rate, but this remains a short-term gain.	With high competition for specialty sugars in European markets, greater focus will be placed on emerging markets such as China and India. We are working actively with the MSS to assist them in strengthening the branding and marketing of Mauritian sugar, and to identify new market opportunities, particularly in our distinctive specialty sugars. We believe that the longer-term fundamentals for sugar remain strong, particularly given growing consumer demand in emerging markets and for healthier, unrefined sugars that command a price premium.
Structural challenges in the Mauritian sugar sector – The Mauritian sugar sector has some unique features, including a highly regulated labour environment and a centralised organisation, the MSS, responsible for the marketing and sale of all locally-produced sugar. With revenue being centrally controlled, we can only focus on new products and reducing our cost of production. Given that it is very difficult to mechanise on mountain flanks or on small fields, our industry remains very labour intensive. The World Bank report, commissioned by Government in 2019 to make recommendations for the sustainability of the sugar cane industry, has led to improved remuneration for *bagasse*, a step in the right direction. We await a biomass framework in order to sustain this remuneration / indexation.	Given the crossroad that the industry still finds itself at – with the challenging trade and price dynamics in the global sugar market, and with the substantial contribution of sugar to the Mauritian economy – the industry submitted a proposal for structural reform, in 2020, driven by the MSS and Business Mauritius. Suggested measures to enhance local competitiveness include: reviewing the current regulatory context for labour; providing better reward for the sector's renewable energy sources (*bagasse*); and ensuring that millers receive fair return from the Sugar Insurance Fund Board (SIFB). In terms of *bagasse*, the Government has, in the 2021 Budget, announced the remuneration of *bagasse* at the rate of MUR 3,300 per tonne of sugar. This will add up value to the cane producers as sugar is sold today at MUR 16,765 per tonne.

Cane (cont'd)

OUR 2021 PERFORMANCE

The Cane cluster was again impacted by low rainfall in 2021 due to the ongoing drought in the north of Mauritius, reducing cane throughput. Terragri produced a lower than average 335,000 tonnes of cane, however 9.7% more than 2020. Due to the imbalances in supply and demand caused by Covid-19, we also saw significant cost increases in terms of freight, fertilisers, herbicides, and spare parts. Increased freight costs had a significant impact on the cost of raw materials imported and also exportation of sugar.

We also had to start the crop late this year due to the Covid-19 related lockdown; coupled with several breakdowns in the mill, this affected the length of the crop.

On a more positive note, the efficiency level of harvesting has been very good with a much better extraction rate, aided by our investments in digitalisation, automation, and lean management over the years. Due to our previous cost cutting efforts, coupled with the improvement in global sugar prices this year, and fair remuneration of *bagasse*, we had a profitable year. The Cane cluster posted improved profits of MUR 105.3 million in 2021, compared to MUR 40.3 million in 2020.

We also managed to contain labour costs and maximised the value of our sugar mix, by producing the right mix and concentrating on higher value products. We produced two new types of sugar this year - Extra Fine and New Dark Demerara.

The World Bank report on the future of the industry has been approved by Government and has clearly pointed out the importance of taking bold steps to revive our sector. The Government has already announced better *bagasse* prices and the construction of a modern storage facility to improve competitiveness. These bold measures will hopefully put an end to the decline in sugar production in Mauritius. The Government has set a target of going back to 400,000 tonnes of sugar production per year.

For the 2021 crop, Terra Milling processed 718,969 tonnes of cane (704,629 tonnes in 2020). This resulted in 41,540 tonnes of sugar accruing to the Group (2020: 44,114), with 15,815 tonnes attributable to milling operations (2020: 16,762) and 25,725 tonnes to growing operations (2020: 27,352). Terra Milling produced 71,952 tonnes tel quel of raw sugar (2020: 78,978), and 71,760 tonnes of specialty sugars (2020: 74,541). The average sucrose content stood at 11.61% (2020: 13.16%). On the growing operations side, the extraction rate stood to 10.01 % (2020: 11.43%) with an average yield of 7.14 tonnes of sugar per hectare (2020: 7.45 tonnes).

As a result of a long battle with cancer, we sadly lost our factory manager from Terra Milling, Ajay Parsan. Ajay was one of the architects in the significant gains in productivity that our sugar operations was able to achieve over the last five years. He was a hugely respected member of the management team and will be sorely missed.

Fortunately, we managed to recruit a new factory manager in the name of Mr Didier Ramsamy. Didier has joined us on the 01 August 2022. He has vast experience in the sugar manufacturing industry having spent many years in sugar factories in Africa.

Our associate company in Côte d'Ivoire, Sucrivoire, in which Terra holds a 25.5% stake, posted a significant loss in 2021 mainly due to an adjustment in the value of standing crop. As a result, we had a negative contribution of MUR 130.0 million to the cluster.

MAURITIUS: DRIVING EFFICIENCY, INNOVATION AND A CULTURE OF TRUST; SUCCESSFUL CAMPAIGN TO STOP FIRES

In 2021, we invested a further MUR 10.0 million in automation projects (as part of an investment plan of MUR 60.0 million to 2022), and this has yielded further positive changes in the mill performance and improvement in efficiencies. In 2021, the mill operated on average 17.8 hours per day and crushed an average of 4,958 tonnes of cane (2020: 18.7 hours and 5,258 tonnes). The extraction rate of the mill was 96.03 (2020: 96.73), while the milling rate was 279 tonnes per hour (2020: 281). Because of the low volume of cane in the sugar mills and increased import costs of raw materials, our cost per tonne was up; our cost of production at the mill for the 2021 crop amounted to MUR 7,900 per tonne (2020: MUR 6,900 per tonne), a 14% increase. On the growing side, we had targeted MUR 13,000 per tonne of sugar for a production of 38,000 tonnes, and achieved MUR 14,250 per tonne for a production of 32,000 tonnes.

This was the second year of our organic sugar trials, in which we continued to produce 50 hectares of organic cane using non-chemical herbicides and fertilisers in the field. This remains in an experimental phase. There remains a big demand for organic sugar in Europe. To make organic sugar viable a minimum volume of 2,000 hectares would be needed in Mauritius, and at present Terragri remains the only producer.

Vegetable production made a profit of MUR 5 million for the first time in many years, following a change in personnel and structural improvements.

OUR 2021 PERFORMANCE (CONT'D)

Another major positive development this year was the success of our campaign to stop criminal cane burning. Using a combination of TV, radio, billboards, and social media we spent MUR 1 million on the campaign, managing to reduce criminal fires by 90%. This was the first time such a campaign had been launched in Mauritius, working with multiple stakeholders, and we will repeat it in 2022.

We continue to see significant benefits from our Culture and Engagement Journey. We embedded the values defined at the start of the process, and we continued to co-create the desired working culture. As part of wanting to be a learning and caring organisation, we had several sessions on trust, how to define a learning organisation and setting priorities. We implemented a new performance monitoring system and have seen tangible improvements in setting objectives and outcomes. To encourage interaction and learning amongst colleagues from Terragri (Agriculture) and Terra Milling, we also initiated pairing exercises.

We have seen improvements in interactions between colleagues, as well as more meaningful conversations during the employee performance appraisal process.

This year was the lowest accident rate recorded in both our growing and milling operations following major investments in health and safety training, equipment and plant improvements, and new measures to controls risks. We have seen a 70% reduction in accidents since 2014 and we aim to sustain this good performance. Unfortunately, we still had two major accidents, one in Terragri and one in Terra Milling.

CÔTE D'IVOIRE: CHALLENGING YEAR IN 2021

This has been a challenging year for the two sugar estates and factories in Côte d'Ivoire that we manage together with SIFCA, our Ivoirian partner. Following the good turnaround at Sucrivoire in 2020 – with Terra as the technical advisor to the operation and new appointments – yields and production were unfortunately reduced in 2021 due to tough operating conditions. Sucrivoire sold 122,481 tonnes of sugar (comprising 98,717 tonnes of own production and 23,764 tonnes imported), compared to 124,014 tonnes in 2020. This year, production from our factories in Borotou and Zuenoula, which collectively supply half of the sugar consumed in the country, amounted to 90,401 tonnes, down from 102,902 tonnes in 2020. The revenue for 2021 was down 1.3% compared to 2020.

To satisfy local demand, the focus has been on increasing production capacity. Knowing that consumption is increasing year-after-year in Côte d'Ivoire, this increase in production will help to reduce our cost of production in the country. We will do this through upscaling the factories, targeting to produce at least 90,000 tonnes in 2022, but conscious of the fact that it will likely be another challenging year. With an increase in the prices of sugar, we expect to resume with profitability in 2022. Ultimately, we aim to increase to 120,000 tonnes by 2024.

OUR STRATEGIC OUTLOOK

Our 2027 Vision for the cluster aims to ensure our continued resilience and growth in the current challenging environment. We want to produce 380,000 tonnes of cane by 2027 and to do this we will need to plant more and irrigate better. We plan to build new irrigation infrastructure to capture rainwater at an industrial scale; water will remain key and is now more so than ever. We also want to accelerate our replantation process to close any gaps in the fields. Gappiness naturally arises when cane dies, or through fires and drought, and we are working on planting these gaps. We will also remain focused on precision fertilisation to give the cane exactly what it needs.

To reach our target of 380,000 tonnes by 2027, we have prioritised the following areas for 2022.

In our fields we will focus on:

- Irrigation, gappiness, and replantation;
- Precision fertilisation with the support of data from yield maps;
- Just-In-Time weed control (herbicide);
- Monitoring and reducing diesel consumption, which will gain even more focus with the increase in the price of fuel; and
- Food crop diversification to non-sugar vegetables.

In our mills we will focus on:

- ISO 14001 implementation;
- To produce 80,000 tonnes of specialty sugars on a sustainable basis.

Cane (cont'd)

OUR STRATEGIC OUTLOOK (CONT'D)

- For both our growing and milling operations we will also focus on:
- Developing our sustainability framework following the Group meeting in 2021 to define and align sustainability actions;
- Maintaining a strong focus on embedding a change of culture across the operation and building staff morale through being a caring, learning, and trusted organisation, including the delivery of an engagement survey in 2022;
- Continuing with our R&D to ensure we can grow cane organically and to explore with Grays the use of this cane to produce organic rum.

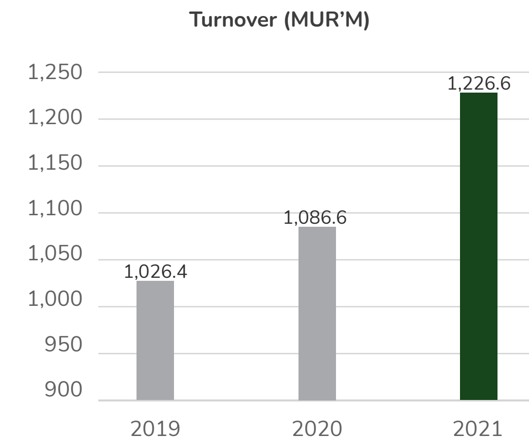
In Côte d'Ivoire we will continue with our expansion plans and to be more directly involved in operations, and take the steps needed to improve our competitiveness and efficiency.

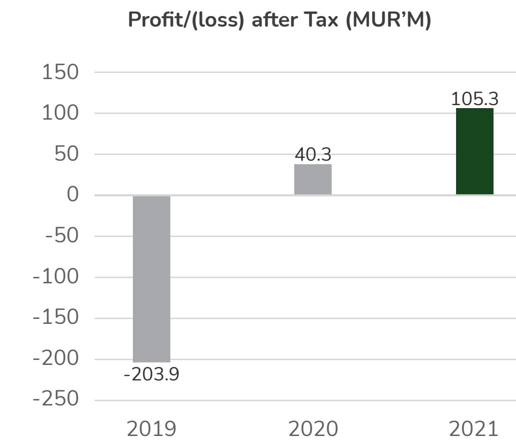
On the back of these initiatives, we are confident that we will become more competitive, hopefully also supported by Government policy changes that will assist the local sugar sector to be able to play in a more level playing field. We will continue to engage with the Government through the MSS and Business Mauritius.

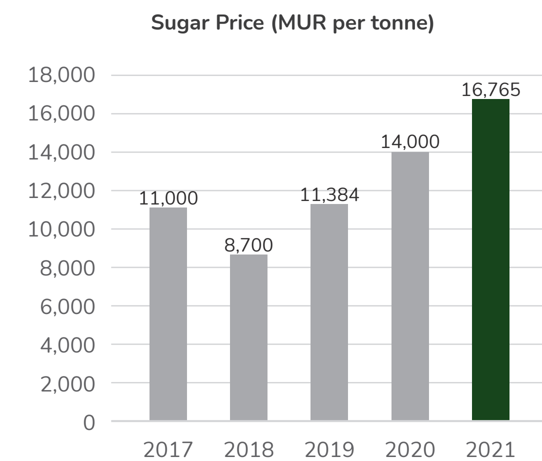
In 2021 we saw a big turnaround in our operations becoming more profit making, in line with our strategic plan. Our outlook for 2022 remains cautiously positive in the aftermath of the Covid-19 pandemic and now the war in Ukraine impacting commodity prices. While local issues have been sorted out, namely with the World Bank report and the fair price for *bagasse*, we foresee many international issues in 2022. Freight and fuel costs, availability of flights and transport and the price of raw materials will be a challenge, and we have built these into our budgets for 2022. Fertiliser will particularly be a problem, not only on the pricing front but in terms of the availability of volumes given we do not produce all fertilisers needed in Mauritius, some shipping lines not stopping at the island and Ukraine being a major producer. Our Board is in the process of doing a review on the costs of production, but this remains a challenge to predict as we are no longer facing the norm. Despite all this, we will continue to strive to meet the demand for specialty sugar.

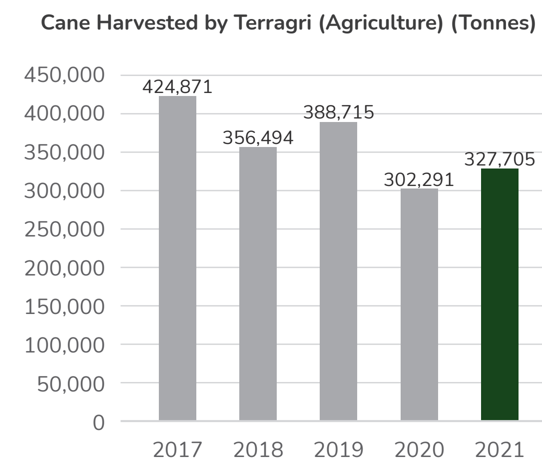
IMPACT OF COVID-19

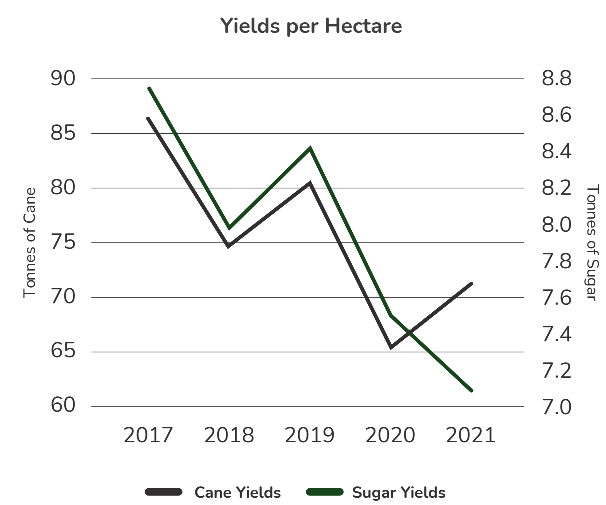
- We were more prepared in 2021, learning from past experiences, having in place policies, procedures and protocols.
- We were not impacted by any confinement rules as the sugar industry continued to be classified as essential services. We worked through the second wave in Mauritius and continued to adapt.
- In our milling operations we did see some Covid-19 cases during the crop season and had to manage this carefully with a shift system in place. The Ministry protocols were very strict requiring self-isolation for 14 days for any positive cases, including people in close contact; but this has been reduced to 7 days. It was very challenging to operate the mill in such a situation.
- We put in place an internal testing centre to ensure business continuity, including rapid testing on Day 1, Day 3 and Day 7 for close contact colleagues. This helped to minimise the risk of self-isolation.
- In our agricultural operations it was easier to manage given the different teams working on different estates providing segregated working; if one person tested positive, it didn't impact the whole workforce.
- We implemented temperature screening, social distancing measures, and weekly site inspections to limit infection amongst contractors used for the maintenance of fields.
- Positive case detection through internal contact tracing procedures put in place saved the cluster 360-man days lost (around MUR 504,000).

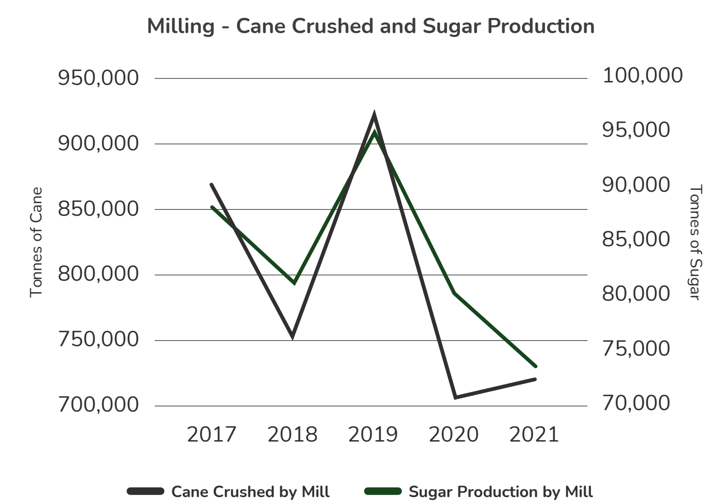












Brands

Terra Brands Ltd, the holding company of the Grays cluster, is one of the pioneers in the Mauritian distillation sector, the leading Mauritian producer of premium alcoholic drinks derived from sugar cane, and a top importer and distributer of quality spirits and wines. Established in 1931, we have diversified our activities to include the distribution and sale of personal and homecare products, pharmaceuticals, snacks and non-alcoholic beverages.

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

BRANDS BUSINESS MODEL

VALUE DRIVERS	CONTEXT AND OUTLOOK
REVENUE DRIVER (PRICE)	
CREATING BRAND EQUITY • Managing our own brands • Adding value to third party brands • Distribution services	• Our value proposition focuses on our strong brands and our ability to drive efficiencies through a structured route to market with an emphasis on local products. • Our core competencies lie in brand building, spirit production, distribution and premium retail. We are adapting to global supply chain issues by shifting away from Just-In-Time to building up stocks. • In addition to our well-recognised brand offering in dark spirits (aged, spiced and flavoured rums, and Scotch whisky) and white spirits (cane spirit, white rum, vodka, gin and others), we offer global third-party brands in wine, whisky, personal and homecare, pharmaceuticals and food. • We market our brands through all retailers and hotels, and premium wines and spirits through our own 20/Vin outlets, across Mauritius. We are also expanding our franchised luxury cosmetics stores.
COST DRIVER (PRICE)	
MATERIAL COST EFFICIENCIES • Integrated and sustainable production • Supply chain	• We bring synergy to the Group's sugar operations by transforming by-products of the sugar production process into value-added spirits; the sugar crop is on a declining trend, amplified by climatic conditions, which proportionately reduces molasses supply and impacts on distillery profitability. • We invest in energy-saving equipment to optimise production. • Distillation effluents are evaporated and turned into renewable bio fertiliser used on Terra's and third-party cane fields. • As a vertically integrated cluster we manage all stages of production onsite, from refining to bottling and packaging, ensuring guaranteed quality for the finished product; we export our expertise through premium rums and bulk spirits to deliver further value from this vertical integration. • Activity-based costing enables us to derive more profits from our key brands rather than losing focus in being too diversified. • We place particular emphasis on nurturing strong relationships with our employees, unlocking talent and on maintaining our position as a recognised employer of choice in the north of Mauritius. • Given the labour-intensive nature of our production and distribution activities, digitalisation is at every step of our operations and services moving us towards a leaner company. • Expanding our portfolio with third-party brands and management of an import supply chain provides Grays with scope, expertise and volume. • Availability of shipping lines, port efficiency (in-bound and out-bound), duties and weak valuation of the MUR are cost drivers and we are moving into a challenging cycle in 2022. Supply chain disruptions can impact costs in three ways: import of raw materials, import of finished goods, and export of finished products.

Brands (cont'd)

BRANDS BUSINESS MODEL (CONT'D)

The main residual risks for the Cane cluster as at 31 December 2021 are summarised below.

	RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
R1	Economic impact due to the pandemic, resulting in loss of revenue from tourism and related activities.	• Acute erosion of purchasing power of local consumers. • Lack of visibility over timing and speed of recovery from pandemic. • Disruption in the supply of imported items. • Loss of sales from the recovering tourism sector.	• Improved on-line offering including the launch of an App. • Widening and specialised offering for the recovering tourism industry. • Alternative sourcing to restore supply chain.	Reduced
R2	The scarcity of molasses disrupts the distillery operations leading to loss of profit and failure to meet client needs.	The supply of molasses will follow the downward trend in the overall supply of cane.	The Mauritius Cane Industry Authority ensures an equitable sharing of molasses produced amongst the distilling companies on the island.	Unchanged
R3	The representation of brands is lost due to mergers and/or acquisitions.	None.	• Of the 20 best performing brands, eight are developed in-house. • Grays is constantly looking for new product opportunities.	Unchanged

BRANDS BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
PEOPLE	EMPLOYEES **542** OUTSIDE MAURITIUS (INCLUDED IN ABOVE) **40**	• Refresher training and more frequent visible on-site inspections to address minor injuries from lifting heavy items with improper technique. • Safety measures and procedures in place in response to Covid-19 continued, with the introduction of shifts for teams. • Executive and leadership development coaching programmes ongoing. • Implementation of a learning culture.	TOTAL RECORDABLE INJURY RATE (TRIR)[2] **32** **(+3%)** LOST TIME INCIDENT RATE (LTIR)[2] **168** **(+1%)** SEVERITY RATE [2] **32.6** **(+1%)**
MANUFACTURED	DISTILLERY **1** BOTTLING PLANT **1** EXISTING RETAIL STORES (*20/VIN*) **10** WAREHOUSE SPACE **8,500 m^3** DEDICATED AGEING CELLARS **1,600 m^3**	• New fermentation house that has automated a lot of processes.	
NATURAL	MOLASSES **17,772 T** **(-26%)** ALCOHOL (100%) **420 m^3** **(-25%)** WATER **54,059 m^3** **(+19*%)**	• Approved budget for solar panels at Grays Inc. to reduce electricity consumption by 50%. • Set up a committee to reduce carbon footprint significantly. • An environmental risk assessment conducted to identify priority areas for improving environmental performance.	ALCOHOL **4.5 million litres** GLASS BOTTLES RECOVERED AND REUSED **1.3 million units** **(+65%)** PLASTIC WASTE RECYCLED **5.5 T** **(-4%)**

[1]Data as at 31 December 2021
[2]Calculation methodology was updated in 2021

Brands (cont'd)

BRANDS BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
SOCIAL AND RELATIONSHIP	Our business model depends on quality relationships, particularly with employees, MRA, Government, brand owners, suppliers and customers.	• Dedicated teams working from home and regular engagement with the workforce.	EMPLOYEE TURNOVER RATE **18.6%** (2020: 18.3%) Recognised as employer of choice. PAYMENT IN TAXES (MAURITIUS) **MUR 828 million** CSR CONTRIBUTION **MUR 5 million**
INTELLECTUAL	OWN BRANDS **24** Integrated management system underway (ISO 9001, ISO 14001 and ISO 45001)	• Further digitalised our services. • Further consolidated brand offerings, while actively seeking new opportunities to sustain growth in revenue, with a particular emphasis on locally produced products.	Progress in securing QSE certification; Fairtrade and Kosher capability.
FINANCIAL	TERRA BRANDS TOTAL EQUITY (JAN 2021) **MUR 712.1 million** TOTAL BORROWINGS **MUR 477 million** CAPITAL EXPENDITURE (SUBSIDIARIES) **MUR 67.5 million**	• Actively managed the financial performance through weekly executive meetings, monthly management meetings and regular Board meetings.	TURNOVER **MUR 2,182.8 million (+3%)** PROFIT **MUR 136.5 million (+34%)** TERRA BRANDS TOTAL EQUITY (DEC 2021) **MUR 811.8 million**

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Covid-19 – Continued to hinder performance, but in 2021 we were better prepared. The main impacts were from the supply chain disruptions and 10% increase in duty costs, as well as the depreciation of the Mauritian Rupee, which took effect in 2021, increasing prices drastically. A cartel of major shipping lines drove prices up significantly, the cost of freight from China also increased 12-fold, and there were challenges around raw material and product availability, coupled with the inefficiency of the Mauritian ports. Continued to see loss of sales from the tourism sector, but with the opening of borders in the last three months of the year, wine sales increased significantly. Purchasing power of local consumers continued to be eroded, yet the informal economy kept consumption going during the lockdown period. We predict a recovery by the second quarter of 2023, but the Ukraine war will also have an impact.	All the measures taken in 2020 brought good results in 2021, and the team continued to react quickly with everyone working towards the same goal. We found alternative ways to sell to end clients, including through online sales via an App that was initiated in 2020 and completed in 2021. In response to the supply chain challenges, we have started to build stocks and aim to use the situation to capitalise on new opportunities. We continue to place more emphasis on locally manufactured products and encouraging consumers to buy 'made in Mauritius'.
Changing regulations and excise taxes – Increases in the already significant excise duty on alcoholic drinks reduce the affordability of products locally. Duty increased by 10% this year, coupled with the devaluation of the Mauritian Rupee and rising prices for raw materials and finished products. With disposable income remaining the same, all of this combined led to pressure on the consumer. Stricter regulations on the consumption and advertising of alcohol can also impact demand.	To mitigate these risks, which affect the Mauritian market for alcoholic beverages, we have diversified our product offerings to include both luxurious and more affordable alcoholic beverages, as well as expanding into non-alcoholic wines, ciders and beers, foods and personal care products.
Increasing health consciousness and regulations – The growing awareness of health-related issues among consumers and regulators, presents both risks and opportunities for our business. The latest Public Health Act Regulations, promulgated on 06 July 2021, are overwhelmingly restrictive. While overall market volumes will not be impacted, this does downgrade consumption to cheaper products, categories in which we do not compete. We are awaiting feedback from authorities, delayed due to Covid-19, for clarification on corporate and BtoB communication.	We continually monitor changing consumer tastes and behaviour and strive to refine our product portfolio accordingly. Through our diversification strategy we have identified new opportunities for revenue growth, including specifically in the healthy foods, non-alcoholic drinks, and personal care products sectors. We have increased our non-alcoholic offering including non-alcoholic cider and extended our range of alcohol-free wines. We are also placing more emphasis on organic and biodynamic wines. We replaced our chips range with Sibell, a range of organic chips, moving towards a healthier offering. We have invested in advertisements on social media that encourage people not to drink and drive, and to raise awareness on domestic violence.
Global mergers and acquisitions – Mergers and acquisitions among global brand owners can potentially impact the availability of our existing offerings. PepsiCo consolidating their business with PepsiCo distributors led to us losing Lays, Doritos and Quaker as of September 2021, affecting 12% of sales, with the full effect to be felt in 2022.	We have complemented our offering with our own brands, which make up eight of our 20 best performing brands, building long term equity. Our strategy remains to place more emphasis on 'made in Mauritius' and local products.

Brands (cont'd)

OUR 2021 PERFORMANCE

Despite the tough operating environment, performance in our Brands sector improved this year, primarily due to an increase in local demand particularly from the informal sector, and the opening of our borders in the last three months of the year. With the increase in our shareholding at distillery level, we now have greater control of these operations, which remain profitable, and this contributes to our overall performance. The Brands' revenue for the year ended at MUR 2,182.8 million, up 3% on MUR 2,109.6 million in 2020. Profit after tax was MUR 136.5 million, up on MUR 102.2 million in 2020.

PRODUCTION: THE DISTILLERY PERFORMANCE IMPACTED BY REDUCED MOLASSES

This is the second year of a short sugar crop and with decreased molasses volumes, this impacted performance at the distillery, leading to a decrease in profitability. Nevertheless, with the new fermentation house that became operational in the second half of the year we have automated a lot of processes, which has improved efficiency in the production of alcohol. We achieved yields of 237 litres of alcohol per tonne of molasses, up 3% on 2020. Our main concern remains a much-needed improvement in volumes of sugar cane.
Our distillery produced 4.5 million litres of rum and spirit, down by 15% year-on-year due to molasses shortages.

We are continuing to work on securing QSE certification of our distillery and brand activities and have taken measures to improve the wellbeing of our employees. Unfortunately, we experienced one serious incident with an external service provider, and we have taken additional steps to prevent and mitigate these risks. Water scarcity and potable water supply remain key concerns for Mauritius, and we improved performance through rainwater harvesting measures implemented in 2020, to cover up to 20% of needs.
We have set up a committee at Grays to focus on environmental performance, with an intention to reduce our carbon footprint significantly.

We also acquired, in early 2022, the minority 33% stake in Grays Distilling shares to become the sole owner, which brings a lot of synergy in our premium brand business and simplifying of processes, maximising benefits.

BRANDS: SALES IMPROVED WITH THE OPENING OF BORDERS IN THE LAST THREE MONTHS OF THE YEAR

All our top brands performed well from a low base in 2020, and the efforts on cost cutting bore fruit in 2021. While we were expecting borders to open sooner, given the circumstances, we had a fairly good year. The main factor that hindered performance was supply chain related. Major supply chain issues in Mauritius over the past 12 months – including the lack of service lines coming to the island and containers taking three times longer to get here, as well as poorer efficiency of the port – presented significant logistical problems for Grays. This impacted on the import of finished goods and raw materials, as well as the export of finished products. This year was also marked by a 10% increase in duty costs coupled with the depreciation of the Mauritian Rupee, with prices rising drastically. Despite all this, we still had a fair performance.

With closed borders for most of the year, we were able to evaluate the extent of the informal economy, which kept consumption going during that period.

The significant sales volumes we gained in 2020 in our cane spirit brands (Seven Seas and De Luxe), we lost in 2021 due to rising prices. Our whisky brands, Cambridge and Grants, performed well, but unfortunately performance was hindered by supply chain disruptions. The reopening of the borders in the last few months of the year was excellent for business, with an increase in wine sales within the first couple of weeks of the reopening. The food sector and coffee brands did well despite us losing the PepsiCo portfolio. Following a strategic business decision, PepsiCo decided to consolidate all its business with one distributor in Mauritius.
As a result, they did not renew our Distribution Agreement, namely for Lays, Doritos and Quaker, with no sales post 15 October 2021. Snacks was one of the few business units which grew during the Covid-19 period and accounted for 12% of our sales in the first semester 2021. The real impact of this decision will be felt in 2022 and we have substitute products already lined up for replacement.

Cosmetics, including perfumes and toiletries, performed well, as did our health-related brands. The only drawbacks were the supply chains issues.

OUR 2021 PERFORMANCE (CONT'D)

Our premium rum brand, New Grove, performed well, benefitting from the '*Canne d'Or*' award that we won in 2020. Our New Grove 10YO and Mauricia L'Intendance were both finalists in the international sugar cane spirits award (ISSA) in 2021.

We closed two boutique stores but have signed with Beauty Success – a franchise store for luxury perfumes and cosmetics – and we opened our first store in May 2022, as part of our expansion into franchised luxury cosmetics stores. We also opened stores in the Mahogany Shopping Promenade in Beau Plan, which has been welcomed by consumers.

Overall, we saw an increase in profitability from MUR 15 million to MUR 63 million, which, given the circumstances, was very encouraging.

The latest Public Health Act Regulations, promulgated on 06 July 2021, are overwhelmingly restrictive, and we are seeking clarifications from authorities with regards to corporate and BtoB communication, which are seemingly banned. The new regulations will hamper competition and lead to consumption of cheaper products, categories in which we do not compete, but will not affect overall market volumes.

In terms of reducing our environmental impact, in late 2021 we approved a budget for solar panels at Grays Inc. to meet up to 50% of our electricity needs, to be implemented in 2022. The remaining energy at Grays Inc. comes from a renewable energy source from the distillery, which has been in place since 2019. A key initiative this year was the implementation of a more structured waste management procedure, including clear waste separation, better communication and more diligent record keeping. Plastic waste production declined from 5.7 to 5.5 tonnes, along with a 25% reduction in the generation of general non-hazardous domestic waste.

INTERNATIONAL OPERATIONS: IMPROVED PERFORMANCE AND A PROFITABLE YEAR IN SEYCHELLES

Financial performance for our subsidiary company in the Seychelles, which focuses on wines and spirits, improved in 2021 and there was no financial assistance from the Government to cover part of salaries this year. The company performed well under the leadership of the new CEO, who was appointed in March 2021, pulling the team towards the same goals. Profit after tax stood at SCR 5.7 million (MUR 17.6 million) compared to SCR 6.4 million in 2020 (MUR 12.6 million) (47% was financial assistance) with the Seychelles Rupee appreciating in 2021. Our portfolio of wine and spirits brands remains strong, led by Jameson and Grant's for spirits, and Nederburg and Saints in wines, with strong positions in the traditional trade. Tourist arrivals in Seychelles reached 47% of 2019 levels, which was very encouraging, and this benefited the economy.

OUR STRATEGIC OUTLOOK

We would not have achieved such good performance in 2021, had it not been for the outstanding work of the team.
Our employees continued to work long hours with a high level of collaboration between departments, showing great agility and a strong sense of belonging in what continued to be a tough year. Everyone worked towards the same goal.

Long-term growth, hindered by the step back in 2020 but with marked improvements in 2021, is not likely to reach 2019-levels again until 2025. With the current geopolitical tensions, particularly the war in Ukraine, we will see the full effects of inflation in 2022 and the challenge will be whether we will be able to pass the increased costs on to the consumer.
Although there will be opportunities as well, as it's during these tough times that some of the most important opportunities appear.

Brands (cont'd)

OUR STRATEGIC OUTLOOK (CONT'D)

In 2022 we will really capitalise on the reopening of borders and providing services to the hospitality sector. We will continue to place a lot of emphasis on what is locally produced, which has been our focus since 2020. The main focus in 2022 will be restoring the supply chain.

In 2021 the world shifted from Just-in-Time to building up stocks and this will remain a focus for Brands in 2022. This will enable us to catch up on export orders that we were not able to support this year and to capitalise on new opportunities.

Margin erosion due to the decline of the MUR will need close monitoring and we foresee continued increases in supply chain costs for consumers in 2022, resulting in lost sales. We will continue devoting energies to build efficiencies at all levels of the business. Our strategy on 'made in Mauritius' and the importance of buying locally manufactured products remains. Our best rum in the world award helps illustrate that we are a premium producer, and we will continue to work through organisations, such as Made in Moris (Mauritius), to encourage this.

The key today remains digitalisation. We went the extra mile in 2020 to digitalise our processes and now we plan full digitalisation of our warehouse. We will also continue to implement a fully integrated quality, safety and environment system.

We started to implement a learning culture this year, and this will be a big focus in 2022, emphasising our purpose, why we come to work every day, accountability, and collaboration between employees.

The improved performance from the total automation of the fermentation section has allowed us to retain our workforce, but it has also enabled us not to replace employees after retirement. Growing our automated processes with AI has shown significant results.

Looking to the year ahead, visibility remains a problem as we do not know the full effects of the geopolitical tensions. The big uncertainty that lies ahead is the energy price, especially for coal, which will impact the distillery. With the war in Ukraine, this had hit record highs. We are also slightly cautious regarding our subsidiary company in the Seychelles, as 21% of tourist arrivals in 2021 were from Russia and 6% from Ukraine.

Despite the above, prospects for 2022 are positive.

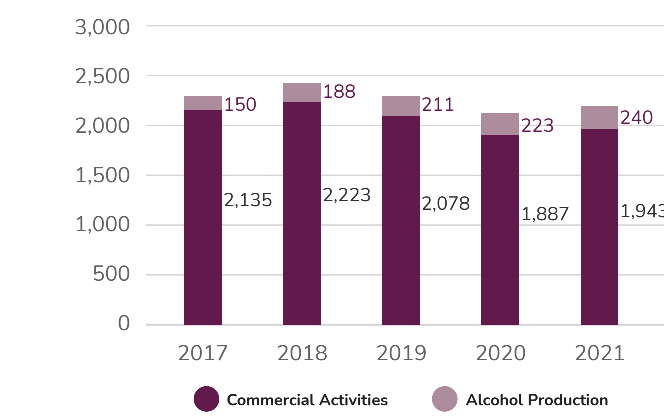
Our long-term plans remain valid, and we are working on achieving them. We merged three departments (accounts, sales and stores) to offer a better service to our clientele in 2021, and with this improvement team in place, we aim to reach a 95% service level in 2022. We are also aiming to make our distribution more efficient, serving more clients with less people.

The crux in the year ahead will be to stay agile. The health and safety of our staff remains a priority with a dedicated manager to support us on this.

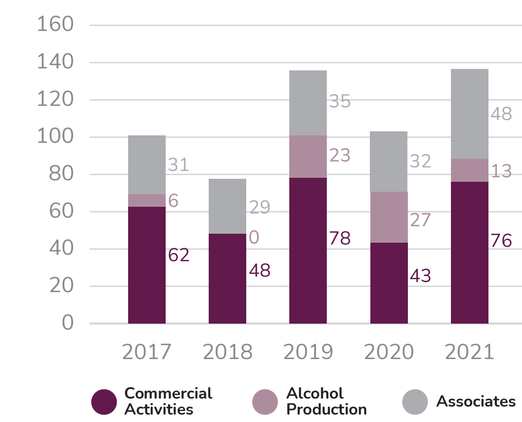
IMPACT OF COVID-19

- Less impact in 2021 overall. Despite the lockdown periods, we already had work access permits (WAPs) for onsite employees, while other employees were already working from home, thus operations slowed down, but never came to a standstill.
- Health and safety remained the utmost priority; staff remained well informed and there was a demystification of Covid-19 in general, with overall less fear this year.
- We implemented shifts for the warehouse and distillery production teams to enable continued operations in the event of Covid-19 cases, and we plan to continue with these shifts in the future.
- The delivery of the new fermentation house for our distillery was delayed for six months and it only became operational in June 2021.
- Consumption continued to be impacted by hotel closures, but we found other ways to sell to end clients during these periods, including online sales, which slowed as soon as lockdown ended.

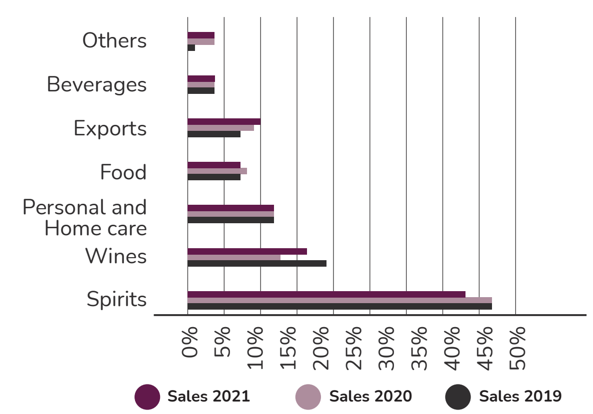
Turnover (MUR'M)



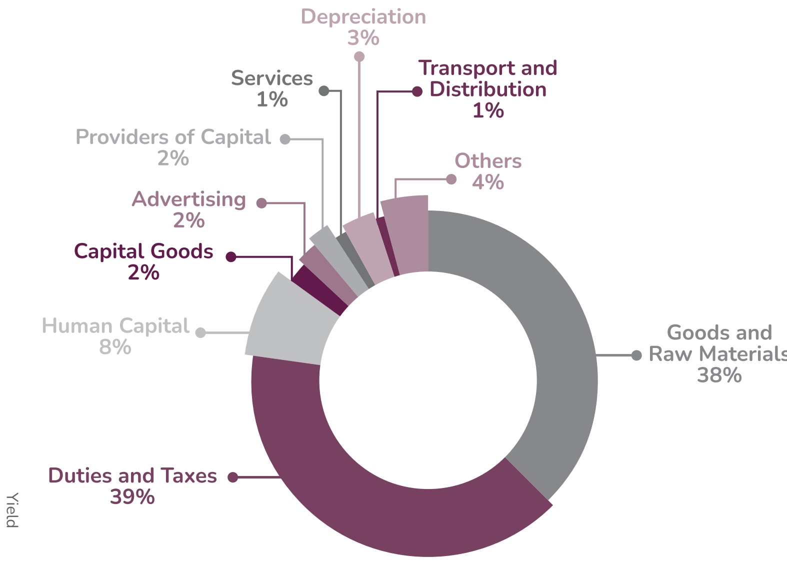
Profit after Tax (MUR'M)



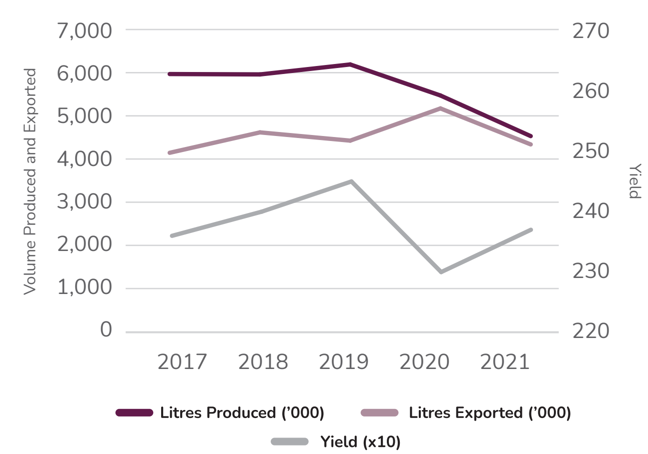
Sales by Business Unit

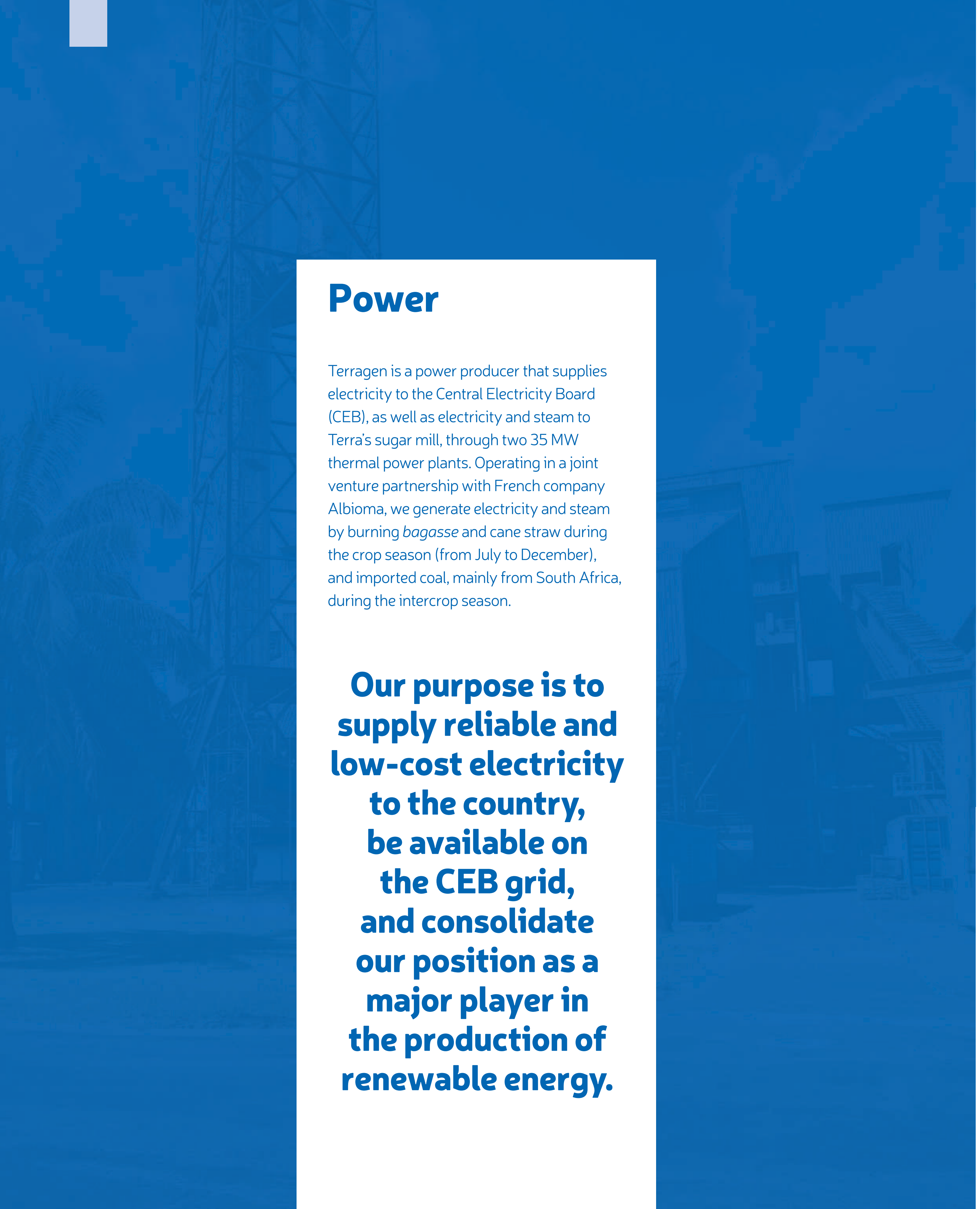


Use of Funds by Category



Distilling - Yields, Production and Exports (%)





Power

Terragen is a power producer that supplies electricity to the Central Electricity Board (CEB), as well as electricity and steam to Terra's sugar mill, through two 35 MW thermal power plants. Operating in a joint venture partnership with French company Albioma, we generate electricity and steam by burning *bagasse* and cane straw during the crop season (from July to December), and imported coal, mainly from South Africa, during the intercrop season.

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

POWER BUSINESS MODEL

VALUE DRIVERS	CONTEXT AND OUTLOOK
REVENUE DRIVER (VOLUME)	
REGULAR AND RELIABLE SUPPLY OF ELECTRICITY • Energy available on demand, responding quickly and efficiently to calls for production and maintaining a reliable supply by avoiding breakdown incidents.	• Supply to one major client, CEB, and also to Terra's sugar mill. • Terragen runs an efficient and reliable plant and produces power for the country at a very competitive rate.
COST DRIVER (PRICE)	
RAW MATERIAL COST • Increasing the renewable energy portion of electricity production to meet Government's decarbonisation plan, while maintaining cost competitiveness.	• The current energy mix in Mauritius is 78% fossil fuel and 22% renewable energy; we produce around 13% of the country's renewable energy supply. We are continually looking for opportunities to increase energy efficiency and substitute coal with *bagasse*, cane straw and other renewable energy sources, such as wood biomass and solar. • We remain fully aligned with Government's roadmap to a greener Mauritius and its commitment to phase out coal and achieve 60% renewable energy production by 2030, while maintaining our competitive rate. A biomass framework announced in June 2021 to define remuneration for other types of local biomass, other than *bagasse*, will determine which of our projects get delivered. • We foresee more opportunities for the energy transition of the Terragen power plant, especially with biomass.
MATERIAL COST EFFICIENCIES • Efficiency gains and safe and clean production processes.	• We remain the most efficient, reliable and cost-effective operator in Mauritius, with a strong focus on safety and health; we continually identify opportunities to improve our environmental management, particularly water and chemical consumption, and ash management.

Power (cont'd)

POWER BUSINESS MODEL (CONT'D)

The main residual risks for the Power cluster as at 31 December 2021 are summarised below.

	RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
R1	Unexpected consequences of specific terms of the Power Purchase Agreement (PPA) resulting in difficult operating and financial conditions.	• Lack of visibility on the terms that will apply to the next PPA. • Reduction or stoppage of coal importation, resulting in the power plant not operating at full capacity. • Significant increase in coal prices on the international markets.	• Engaging closely with the authorities and the CEB. • A new energy business model has been presented to the Government and the CEB that incorporates a plan to carry out the energy transition of the plant to a 100% renewable coal-free model. • Continue to be a reliable and competitive supplier of electricity to CEB.	Increased
R2	Unplanned and prolonged disruption to production of electricity.	• Unexpected breakdown of a critical item of equipment. • A fire outbreak due to the presence of important amounts of combustible material.	• Performing regular preventive maintenance and inspection of plant and equipment by specialist consultants. • Experience and expertise of Albioma (shareholder and operator of Terragen) in managing numerous power plants around the world. • Investing in plant upgrades including fire protection and the procurement of critical equipment items.	Unchanged
R3	Severe climatic conditions adversely impact power production.	• Located in a tropical cyclone prone region. • A thunderstorm strike leading to the destruction of electrical and automation systems. • Severe and prolonged drought resulting in interruptions in water supply.	• The power plant is designed to withstand cyclonic gusts of 260 km/h. • Protocols are in place to cater for emergency situations like cyclones. • Terragen can store 900 m^3 of spare water, and measures are taken to optimise water consumption. • The Central Water Authority prioritises water supply to the power plant as electricity production is essential to the country.	Unchanged
R4	Disruption in the supply of raw materials and/or spare parts.	• Geopolitical and social issues in fuel producing countries. • Disruption to the sugar mill activities leading to non-availability of *bagasse* or cane straw for power generation. • Pandemic disrupts supply and availability of spare parts and foreign consultants for timely completion of plant maintenance.	• The Coal Terminal (Management) Co Ltd sources fuel from several suppliers who can in turn source their needs in other countries. • Using local biomass (cane straw and wood) as alternative sources of fuel to *bagasse*. • Ongoing discussions with authorities to secure a sustainable biomass price for producers.	Unchanged

POWER BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
PEOPLE	EMPLOYEES WITH THE APPROPRIATE TECHNICAL SKILLS AND MOTIVATION **50**	• Reinforced safety measures including. safety risk assessments and site visits with the management team on a weekly basis. • Refresher training conducted throughout the year to reinforce health and safety practices. • Near-miss reporting rolled out and reporting culture improved.	TOTAL RECORDABLE INJURY RATE (TRIR)[2] **0.0** **(-100%)** LOST TIME INCIDENT RATE (LTIR)[2] **0.0** **(-100%)** SEVERITY RATE [2] **0.0** **(-100%)** TRAINING HOURS **31 / person / year** **(58 in 2020)**
MANUFACTURED	One generation plant of 450 GWh capacity. Two units of 35 MW operating on three types of fuel: Coal, *bagasse*, cane straw.	• Safety measures and procedures in place in response to Covid-19 constraints to prevent any disruptions. • Annual shut-down for maintenance despite Covid-19 constraints.	PRODUCED **443 GWh** SHARE OF NATIONAL ENERGY MIX **13%**
NATURAL	COAL **216,355 T** **(+20%)** *BAGASSE* **241,997 T** **(-7%)** SUGAR CANE STRAW **5,735 T** **(-38%)** WATER **1,604,584 m^3** **(-7%)**	• Improvements on the continuous monitoring system for water and air emissions. • Use of recycled water in the firefighting and wash cleaning systems. • Investigated leakages to minimise water loss.	CO_2 (COAL) **500,097 T** **(+19%)** BIOGENIC CO_2 (*BAGASSE*) **202,018 T** **(-8%)** BIOGENIC CO_2 (CANE STRAW) **8,622 T** **(-37%)** ENVIRONMENTAL EMERGENCY SITUATIONS **0**

[1]*Data as at 31 December 2021*
[2]*Calculation methodology was updated in 2021*

Power (cont'd)

POWER BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
SOCIAL AND RELATIONSHIP	Our business model depends on maintaining quality relationships with key stakeholders including: CEB, Terra Milling, regulatory authorities, small-scale planters, suppliers and employees.	• Continued partnership with Terragri for the plantation of eucalyptus on marginal land. • Responded to a Request for Information (RFI) from CEB on how to phase out our coal by 2030.	EMPLOYEE TURNOVER RATE **0%** (2020: 0%) PAYMENT IN TAXES **MUR 33.4 million** CSR CONTRIBUTION **MUR 2.2 million**
INTELLECTUAL	First Mauritian firm to be granted in 2014 an AFNOR certified integrated management system certificate based on ISO 9001, ISO 14001 and ISO 45001.	• External Quality, Health and Safety, and Environment (QSE) audit successfully performed without any non-conformities.	AVAILABILITY ON CEB NETWORK **95.6%** RELIABILITY **6 plant trips** SPECIFIC COAL CONSUMPTION **595 g/kWh**
FINANCIAL	TERRAGEN TOTAL EQUITY (JAN 2021) **MUR 1,335.6 million** TOTAL BORROWINGS **MUR 0.2 million** CAPITAL EXPENDITURE **MUR 31.1 million**	• Actively managed the financial performance through weekly executive meetings, monthly management meetings and regular Board meetings.	TURNOVER **MUR 1,811.9 million (+60%)** LOSS **MUR 384.4 million (-1,174%)** TERRAGEN TOTAL EQUITY (DEC 2021) **MUR 901.0 million**

[1]*Data as at 31 December 2021*

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Dependency on a primary client – Being heavily dependent on a single client, it is critical to maintain a strong relationship based on mutually beneficial outcomes.	We continue to invest in maintaining our ability to provide a regular and reliable supply of energy. This has been another pleasing year, with exemplary availability levels and competitive pricing contributing to a sustained positive client relationship. The Government has set an ambitious goal of producing 60% of its energy from renewable sources by 2030 and the CEB made an application for a Request for Information (RFI) to see how we can achieve this goal. We have replied to the RFI and are now waiting for the authority to engage in the process. We are identifying opportunities to minimise our emissions, increase our energy efficiency and reduce the use of coal by increasing the use of cane straw, bagasse and other biomass sources in the energy mix. Our energy transition strategy sets out our plan to increase the share of renewable energy in our production while maintaining a competitive price per kWh, including solar energy and wood biomass as possible investments.
Potential regulatory changes – Changes in environmental regulation could require significant investment in new equipment and possible changes to current processes.	We engage regularly with authorities to keep abreast of potential regulatory changes and ensure that appropriate measures are taken.
Unplanned disruption to generation or transmission activities – Unplanned outages, associated for example with a fire, mechanical breakdown, cyclone occurrence or disruption in the coal and biomass supply chain, could impact the ability to deliver energy.	We have a preventative maintenance programme and clear risk management processes and response measures in place. The power plant is designed to withstand cyclonic gusts of up to 260 km/h and we have a cyclone emergency plan in place.

Power (cont'd)

OUR 2021 PERFORMANCE

This year we generated 443 GWh of electricity, an 18% increase year-on-year, and the best record in Terragen's history of electricity production. Two key drivers included the high electricity demand from CEB in 2021, and a very short maintenance period of the power units due to Covid-19. Our availability index also increased to 95.6% in 2021. We had six trips during the year, slightly higher than the previous year, but each trip remained short in downtime. Despite good operational results, we had to recognise an impairment of the plant and related equipment, for an amount of MUR 535.9 million, as a result of the unprecedented increases in coal prices and the uncertainties of the current economic environment leading to a reassessment of the carrying value of the plant at reporting date. The Power cluster therefore posted losses of MUR 384.4 million, compared to profits of MUR 35.8 million in 2020.

Our annual shutdown was scheduled for April, which coincided with the third wave of Covid-19 in Mauritius. With the borders closed, we were unable to get our technical consultant in to do specialised work, hence the shorter shutdown period this year. The risk of contamination on site became higher with the new wave, and we preferred a shorter maintenance period to mitigate this. Maintenance periods are important for overall maintenance of certain equipment to reduce the risk of breakdowns, but fortunately we still had no serious breakdowns this year.

INCREASING OUR PRODUCTION OF RENEWABLE ENERGY

We have maintained a strong focus on delivering on our commitment to decarbonise our energy mix by shifting from coal to biomass, with continued emphasis on further increasing the use of *bagasse*, cane straw and other renewable energy technologies. With the reduced crop season in the North due to continued drought conditions in 2021, the combustion of *bagasse* declined further to 241,997 tonnes (259,850 in 2020), producing 76.9 GWh for export on the grid. Electricity produced from cane straw was higher this year, but lower than what we expected with the production rate affected by rain, baler breakdowns, and low performance of the cane straw shredder at the plant. Despite this, we generated 5.6 GWh using 5,735 tonnes of cane straw, up from 4,171 tonnes in 2020.

The efficiency of our coal use, which is measured in terms of our coal ratio (Kg/kWh), was very good this year because of the good performance at the power units and the high demand for electricity from CEB. When demand is high, it improves the ratio. In 2021 the proportion of renewable energy was significantly lower than normal, as we produced a lot more from coal this year.

We progressed with our exploration on growing and burning eucalyptus as an additional source of biomass, in partnership with Terragri, and planted 18 additional hectares (7.5 hectares in 2020) on marginal land. We also started a trial at the end of October to mix wood chips with coal and *bagasse* to reduce our coal consumption. This was following approval from the CEB to trial 300 tonnes.
Our drive to increase the use of *bagasse*, cane straw and other biomass provides a valuable opportunity to enhance the 'greening' of energy generation in Mauritius, and to reduce the island's coal imports. This became even more critical with the Government amendment of the budget in 2021 setting objectives to increase renewable energy by 60% and to phase out coal by 2030.
Our trial with wood chips is a direct response to this Government announcement. The CEB has asked for an application for a Request for Information (RFI) to see how we can achieve this goal. We have replied to the RFI and are now waiting for the authority to engage in the process.

The Government also announced a National Biomass Renewable Energy Framework in June 2021 and launched committees to define remuneration for other local types of biomass, other than *bagasse*, which we are actively involved in. The idea is to use all currently available biomass in the country and only import for additional requirements.

We achieved similar performance in our carbon burn-out (CBO) project this year, a joint venture between Terragen and Omnicane aimed at collecting ash, a by-product of coal combustion, and passing this through a re-burning process that transforms it into raw material for the production of cement. This year, 49.7% of our coal fly ash (6,471 tonnes) was sent to the CBO plant, a decrease from the previous year (7,140 tonnes). Through this process, we can reduce the carbon content from around 20% to less than 5% and reuse the energy released to produce electricity.

DRIVING IMPROVED HEALTH AND SAFETY AND ENVIRONMENTAL PERFORMANCE

The steps taken to drive improved safety performance towards the end of 2020 were reinforced in 2021, including safety risk assessments and site visits with the management team on a weekly basis. This resulted in very good performance with zero lost time incidents amongst Terragen employees and contractors. We will continue with these safety routines and best practices developed in 2020, which have proved to be very effective.

We also implemented a near-miss reporting system and had 77 near-misses reported this year, reflecting the excellent safety and reporting culture at Terragen.

OUR 2021 PERFORMANCE (CONT'D)

On the environmental front, during 2021 Terragen maintained high performance in terms of water quality discharges into the environment and air emissions, with only two exceedances on limits. Both coal and *bagasse* dust were within target for both power units, as well as other stack emissions. We continued to work on our continuous monitoring system to improve reliability.

Our water consumption is mainly managed at operational level where we have set a target to use less than 3.65 litres per MWh. Unfortunately, we went above our target for the first six months in 2021, but still improved on the previous year. We started to use recycled water in the firefighting and wash cleaning systems on site this year. We also benefited from the improvement of water use in the cooling system. We investigated leakages to minimise water loss and a major part of our effluent water is still used for irrigating the cane fields at Terragri.

OUR STRATEGIC OUTLOOK

Our strategic focus is to maintain our high levels of availability, reliability and cost effectiveness. In line with this focus, we will continue discussions with the CEB and Government stakeholders to extend the share of renewable energy in Terragen's production mix, with a competitive price per kWh. We will continue to develop other sources of biomass with particular emphasis on wood chips, increase cane straw energy production as per expected capacity and improve the *bagasse* conveyor system to ensure reliability and availability.

We will maintain the good results in safety and health and in terms of environmental performance we will continue to reduce water consumption and chemicals. We will also continue to reinforce the control and monitoring of water and air emissions.

Despite the very good performance this year, our current contract with the CEB puts us in a very unfavourable position in terms of raw material price increases, particularly for coal. There have been unprecedented increases in prices of coal following the sharp increase in demand for electricity generation as the global economy recovers from the pandemic, especially in China and India, leading to a mismatch in the supply of coal. The uncertainties caused by the conflict between Russia and Ukraine has exacerbated the matter causing the price of coal to reach record highs. The coal market futures indicate that the present coal price levels are here to remain, at least for the whole of 2022. At these coal prices, our power plant, which partly uses coal to produce electricity, is anticipated to incur significant financial losses.

In the circumstances, Terragen had no other option but to declare Force Majeure under the PPA with CEB and suspended its operations on 29 April 2022. Operations resumed at the beginning of the crop season on 27 June 2022 using *bagasse* to generate electricity, and the parties are currently engaged in a mediation process to seek a workable solution.

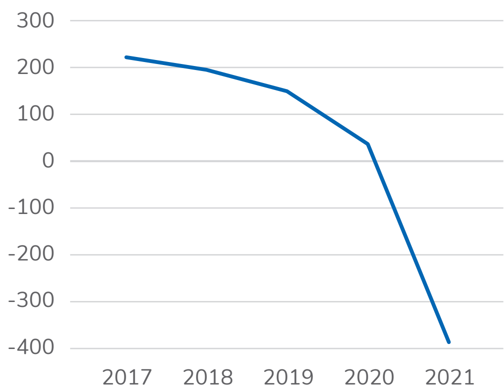
With the stress on raw material availability during the restart of the global economy after the Covid-19 crisis, the increase in the price of coal amplified with the Russian – Ukraine conflict, and the move towards energy autonomy in Mauritius, we foresee more opportunities for the energy transition of the Terragen power plant, especially with biomass.

IMPACT OF COVID-19

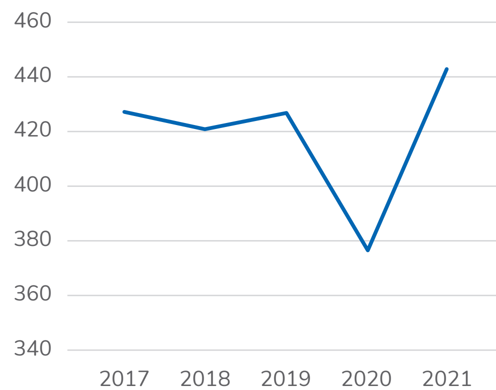
- Covid-19 continued to present some challenges with us needing to adjust our organisational structure with the onset of the new wave. To prevent infection, we split the day team into two slots for four months of the year, which brought some organisational constraints.
- Despite already having defined procedures in place, we had to update these several times due to the evolving pandemic.
- Our annual maintenance shutdown was reduced from 1.5 months to 17 days, which contributed to a better availability rate of 95.6%.

Power (cont'd)

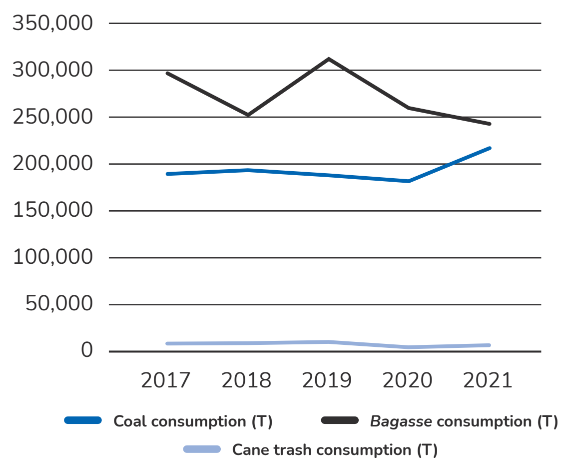
Profit/Loss after Tax (MUR'M)



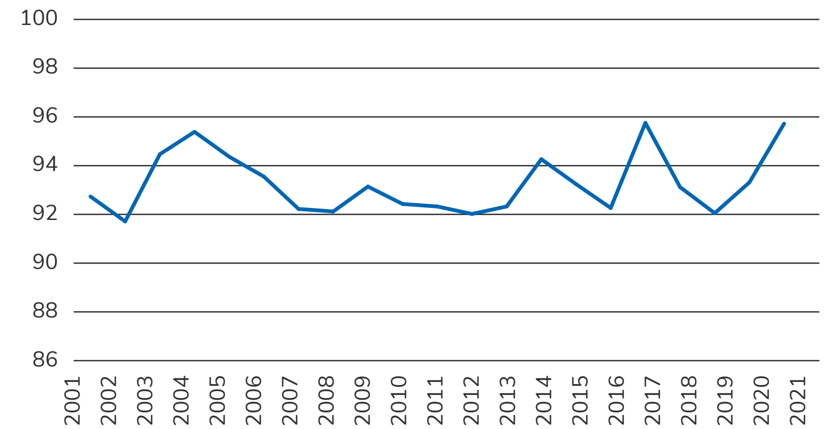
Energy Produced (GWh)



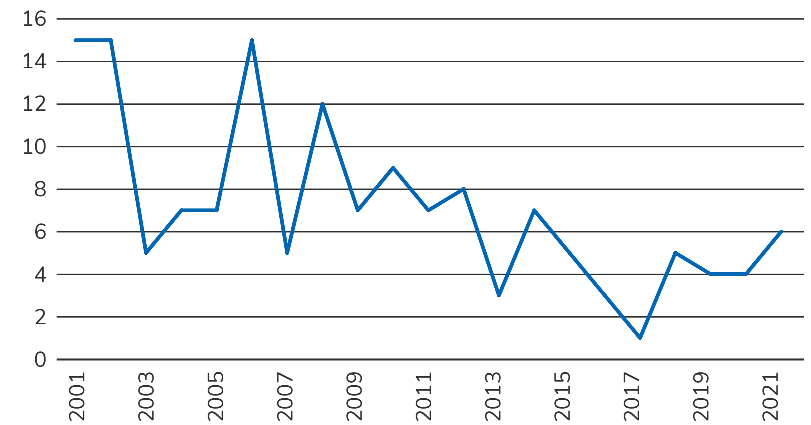
Fuel Consumption (Tonnes)



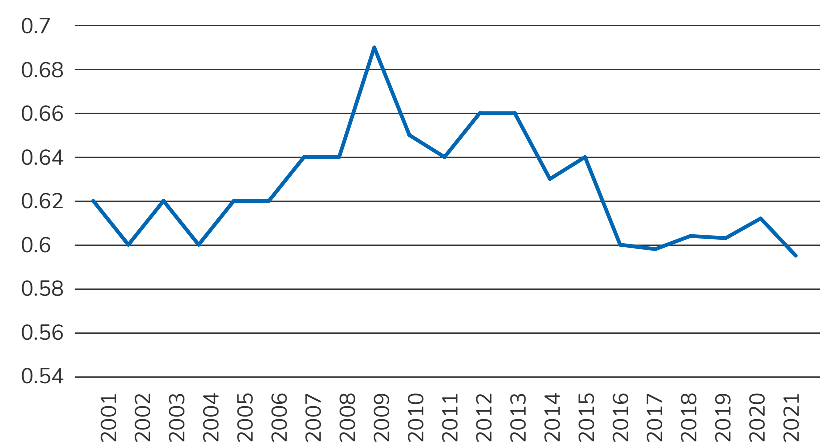
Total Availability (%)



Reliability (Number of Plant Trips)



Efficiency - Coal Ratio (kg/kWh)



Property and Leisure

Established in January 2016, our Property and Leisure business (Novaterra) focuses on utilising Terra's land assets to establish an innovative property-development cluster in the north of Mauritius. The cornerstones of this development will be the Beau Plan Smart City and the Balaclava Golf and Lifestyle Estate, both of which aim to positively transform the region.

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

PROPERTY AND LEISURE BUSINESS MODEL

VALUE DRIVERS	CONTEXT AND OUTLOOK
REVENUE DRIVER (RENTAL AND SALE)	
PROPERTY DEVELOPMENT CLUSTER • Long-term value from the Group's existing land ownership in the north of Mauritius. • Beau Plan Smart City project, a mixed activities development covering 228 hectares in the Pamplemousses region, one of the most densely populated districts in the North.	• Targeted sale of 'non-strategic' land generates cash flow for investment. • Development of a mix of real estate projects over the last five years has set a strong base to grow the portfolio of yielding assets. • A new Government incentive to allow the sale of serviced plots to non-citizens is encouraging. • Two priority zones for development include the Beau Plan Smart City development (major projects completed and others under way) and at a second stage the neighbouring Balaclava Golf and Lifestyle Estate (development rights granted), enhancing the value of the broader property portfolio. • A key differentiator to other business destinations in the north of Mauritius is that we are offering a mixed activities development within an exceptional urban design framework. Substantial investment has been made in the infrastructure of the area, including new roads to improve accessibility to our projects and enhance access to public transport services. The Beau Plan Smart City will be inclusive of the adjoining villages of Pamplemousses and Bois Rouge, sites already recognised as a rural regeneration zone in the Government's National Development Strategy. • The Smart City will be an important economic hub, providing an appealing commercial, residential, education and leisure environment; the Mahogany Shopping Promenade, amongst others, will be a key employer to the surrounding villages.
COST DRIVER (MANAGING ASSETS)	
PROPERTY DEVELOPMENT AND MANAGEMENT • Commodity prices • Tenant relationships • Integrated and sustainable development	• We have significantly improved the performance of our existing yielding assets, and currently own 286 properties rented out. • Post Covid there has been a significant increase in the cost of materials for all projects, raising building costs and ultimately prices of built-up units. This is due to the increasing costs of international commodities and freight, together with the depreciation of the Mauritian Rupee, which poses a challenge for the local market. • The geo-political situation will maintain pressure on this situation. • We will target new customers by entering new markets. • A key challenge is to ensure a minimum vacancy period once a tenant has left. Ensuring quality tenant relationships will be critical to our success and we are committed to maintaining customer satisfaction. • We have integrated green design principles by working with professionals that have sustainability expertise; we have also invested substantially in the stormwater drainage network to mitigate potential effects of flash floods. • The Smart City will integrate multiple digital connectivity solutions, encouraging the uptake of renewable energy sources and facilitating a healthier lifestyle through the provision of quality recreational spaces and non-motorised transport infrastructure.

Property and Leisure (cont'd)

PROPERTY AND LEISURE BUSINESS MODEL (CONT'D)

DELIVERING BROADER SOCIETAL VALUE

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

The main residual risks for the Property and Leisure cluster as at 31 December 2021 are summarised below.

	RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
R1	Oversupply of properties on the market impacting on price.	• Increased number of projects are being implemented nationwide and the market has not grown proportionately.	• Increased focus on marketing strategies and networks. • Every care is taken at conceptual level of projects to ensure a long term attractivity for the areas to be developed.	Unchanged
R2	Bureaucratic hurdles leading to lower profitability and agility.	• Delays in obtaining permits and clearances from authorities.	• Authorities are working closely with all stakeholders to improve the ease of doing business. • Close watch on current and proposed regulatory policies and legislations. • Diversified service offerings to minimise any impact resulting from changes in Government strategy. • Dedicating resources on a full-time basis to establish appropriate communication with authorities and follow up on all necessary permits and clearances.	New
R3	The activities are exposed to the consequences of the Covid-19 pandemic. Construction costs and cash flow negatively affected.	• Loss of tenants due to the impact of the recession. • Increase of raw material costs internationally, coupled with the depreciation of the Mauritian Rupee and the sharp rise of freight cost. • Impact of economic recession reduces the purchasing power of local buyers and the propensity of foreigners to visit and invest in Mauritius.	• Stringent monitoring of operational costs. • Strong marketing and communication measures to maintain excellent relationship with main partners and clients.	Unchanged

PROPERTY AND LEISURE BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
PEOPLE	EMPLOYEES (NOVATERRA) **95** EMPLOYEES (*L'AVENTURE DU SUCRE*) **56**	• Dedicated health and safety officer in Terragri that supports us on H&S matters for all our projects. • With the opening of Mahogany Shopping Promenade, we implemented fencing around the lake area. • Annual fire drill for all employees. • Safety measures and procedures in response to Covid-19, including contact tracing. • Executive and leadership development coaching programmes are ongoing. • Revamped our employee engagement programme so that everyone has visibility on cluster developments.	TOTAL RECORDABLE INJURY RATE (TRIR)[2] **12.4** **(+254%)** LOST TIME INCIDENT RATE (LTIR)[2] **9.3** **(+43%)** SEVERITY RATE [2] **5.6** **(-178%)**
MANUFACTURED	AVAILABLE SPACE FOR RENT INDUSTRIAL AND COMMERCIAL **34,644 m²** OFFICE **9,290 m²** RESIDENTIAL **22,629 m²** SHOPPING MALL **8,182 m²**	• Designing smaller apartments to target a new market in Mauritius.	OCCUPANCY RATE **95.4%** **(+7%)**
NATURAL	LAND AVAILABLE FOR DEVELOPMENT AND REGENERATION **695 ha**	• Smart energy measures. • Recycling facilities managed by third-party. • Sewerage treatment plant operational within the Smart City. • Greencoast International School designed and constructed with no air-conditioning. • Pedestrian access to Beau Plan enabled through non-motorised transport. • Internet of Things (IoT), intelligent sensors, and cloud-based software applications are being considered to monitor and manage natural resource impacts. • Agreement for the construction of a 1.6 MW photovoltaic solar farm to supply renewable energy power to the Smart City.	

[1]*Data as at 31 December 2021*
[2]*Calculation methodology was updated in 2021*

Property and Leisure (cont'd)

PROPERTY AND LEISURE BUSINESS MODEL (CONT'D)

CAPITAL	MATERIAL INPUTS (2021)[1]	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2021)
SOCIAL AND RELATIONSHIP	Our business model depends on maintaining quality relationships with key stakeholders including Government, tenants, project developers, financiers, neighbouring communities, and the media.	• Embedded our Culture and Engagement Journey for employees creating a culture of learning and results. • Dedicated teams for effective relationship management with relevant stakeholders.	EMPLOYEE TURNOVER RATE **11%** **(2020: 4%)** PAYMENT IN TAXES **MUR 0.9 million** VISITORS TO *L'AVENTURE DU SUCRE* **10,711 people** PARTICIPATING IN EVENTS AND FESTIVALS **8,500 people**
INTELLECTUAL	Project timelines include adequate buffer time for obtaining permits.	• Land Management Department works full time on following up of applications submitted to various ministries and authorities in view of obtaining necessary development permits. • Dedicated Compliance Officer to take clients / buyers through a KYC (Know Your Client) process. • Audits of *L'Aventure du Sucre* from external tour operators.	Some permits delayed, but these have been addressed. Audits on *L'Aventure du Sucre* on hold for 2021.
FINANCIAL	PROPERTY AND LEISURE TOTAL EQUITY (JAN 2021) **MUR 4,451.2 million** TOTAL BORROWINGS **MUR 746.9 million** CAPITAL EXPENDITURE **MUR 396.0 million**	• Actively managed the financial performance through weekly meetings with head of departments, monthly senior management meetings and regular Board meetings.	TURNOVER **MUR 518.1 million (+115%)** PROFIT (INCLUDING PROFITS ON LAND SALES) **MUR 92.3 million (+350%)** PROPERTY AND LEISURE TOTAL EQUITY (DEC 2021) **MUR 4,620.4 million**

[1]*Data as at 31 December 2021*

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Covid-19 – The second lockdown period and the closing of borders at the start of the year resulted in delays to our projects, as well as a continued drop in revenue from our museum activities, *L'Aventure du Sucre*. We also experienced an increase in construction costs due to the rising cost in building materials post Covid, which presents a challenge in terms of affordability for the local market. The industry has also had difficulties importing labour, tiggered by Covid-19 and the sanitary measures in place. While this matter is being addressed, it will take time, and does present some challenges for the construction sector.	We remained agile during the lockdown period and quickly set up teams to work remotely. We mobilised a core team for maintenance of our assets and tenants and gained work access permits to handle operational issues. With the launch of the Mahogany Shopping Promenade on 24th of June, shortly following the lockdown period, Covid-19 cases were treated very seriously with contact tracing in place. We had two cases amongst our employees at the retail centre, resulting in all employees there being placed into hotel quarantine for 14 days. To mitigate the impact of this, we used working rosters in the different departments and mobilised all employees to work during weekends. Covid-19 and the associated restrictions was an occasion to test our team spirit, and we moved as a team. To deal with the increasing cost of materials for all projects, we had to negotiate with operators and have managed this for now; the impact will be more on new build.
Regulatory and policy framework – Changes in Government policy and regulation relating to property development, as well as any delays in obtaining approvals and other Government permits, could impact on the nature, cost and timing of proposed developments. Given the nature of our business we deal with several authorities, including environment, traffic, road development, and the more recent land drainage authority.	We keep a very close watch on current and proposed regulatory and policy developments, and we place a high priority on building and maintaining strong relations with Government and regulatory authorities. We have developed diversified service offerings to minimise any negative impact resulting from changes in Government strategy. We have efficient land management tools in place enabling us to adapt quickly to the continuously changing legislative environment. Our Land Management Department works full time on the follow-up of applications submitted to various ministries and authorities in view of obtaining necessary development permits, which remain key to our development. In 2021 we saw several delays in obtaining clearances and permits, which impacted on the delivery of our projects. Despite this, we have very good relationships with all authorities, and this was strengthened during the year. Communication between Government, authorities and the private sector in general, has been re-established, which is a significant step in the right direction. Through the Economic Development Board (EDB), Government has called for a regulatory review of the real estate and construction sectors to identify improvements. Recommendations have been made to the EDB and we are optimistic that there will be improvement in terms of doing business going forward. Through our active involvement in committees at Business Mauritius, we are in constant dialogue with authorities. We are now fully conversant with the Financial Intelligence and Anti Money Laundering Act with a dedicated Compliance Officer and department. All clients/buyers go through a KYC (Know Your Client) process, and this has been fully integrated into the sales process. It now takes one month to on-board a client (previously two weeks).
The changing competitive and business environment – A potential oversupply of properties on the market, and other changing market dynamics, could result in lower occupancy rates, a loss of revenue and reduced return on investment. We are seeing pressure on rental prices, mainly in office space, due to oversupply and competition.	We are ensuring the timely implementation of a mix of facilities, to provide a compelling proposition for entrepreneurs to develop or relocate their business. We have established a strong marketing and communications team and we have secured the commitment of key anchor tenants in the retail and boutique leisure sectors. In terms of office tenants, by creating new living spaces in Beau Plan with more pleasant work environments, we will be able to attract a premium, but there remains a limit to how much tenants will pay, and we foresee pressure when negotiating with future tenants.

Property and Leisure (cont'd)

OUR 2021 PERFORMANCE

This year was again a challenging year due largely to the impacts of Covid-19. The second national lockdown at the start of the year required stopping construction operations, resulting in delays to our projects, including the launch of our Mahogany Shopping Promenade. To mitigate the impacts of the pandemic, we quickly set up teams to work remotely and mobilised a core team for maintenance of assets and to look after tenants. This worked well, and we managed to gain work access permits swiftly. We continued to see a great sense of solidarity in our team, with everyone remaining focused and motivated, positively impacting on performance in the year. Overall, we did better than our budget, posting a profit of MUR 92.3 million (compared to a profit of MUR 20.5 million in 2020).

Our positive results were driven by higher revenues on land sales, coupled with three main factors – improved sales of non-strategic land, profit from Mango Village duplex and apartment sales, and better-than-expected performance at Mahogany Shopping Promenade.

Deposits were received for 324 lots to secure total land sales of MUR 1.1 billion this year. We launched the sale of three projects outside the Smart City this year – Montagne Longue, Creve Coeur, and *Les Coteaux de Belle Vue* and started the infrastructural works. We also launched the sale of two projects within the Smart City – *Les Muguets* phase two and *Le Parc*. These land sales are part of our cash generation plan, which supports our infrastructure and projects at large.

We engaged with Government on a land exchange mechanism whereby we agreed to transfer some 45 arpents of land to Government for the implementation of part of its 12,000 social housing units scheme, and in exchange, we have secured land at Solitude, Beau Plan and Bassin Paquet for future development.

BEAU PLAN SMART CITY PROJECTS

A major milestone was the opening of our 12,500 square meter retail centre, the Mahogany Shopping Promenade, in the heart of the Smart City, in June 2021. Due to the construction delays, we had accounted for a MUR 28 million loss for the project, but once launched performance exceeded expectations and we ended with only a MUR 4 million loss for the year. For the first six months of operation, we received on average 200,000 visitors per month, exceeding initial estimates of 160,000 visitors per month. With this strong base for visitors, we will tailor this to further increase offerings in the mall. Most of our operators are performing well, with some underperformance, and we will look to consolidate and improve the customer experience. We have secured 94% of the tenant leasing with some big players positioned to arrive in 2022.

Other important milestones included the sale of all 26 units from the first phase of Mango Village duplex and apartments (MUR 289 million), with delivery initially scheduled for June 2022. A two-month delay is expected due to Covid effects. We also launched the second phase comprising 20 units (MUR 345 million), but with the triple effect of global commodity price increases, the cost of freight, and the depreciation of the Mauritian Rupee, the units on average have seen a price increase of 30%, which presents a challenge for the local market. This market remains a large proportion of the sales.

We started the construction of a new office building, The Strand, in July 2021, which will bring additional vibrancy to Beau Plan. The cost of the project is MUR 626 million, and we aim to be finished by December 2022. We expect a few delays due to sanitary requirements, as well as Covid-19 cases amongst construction workers.

OUR 2021 PERFORMANCE (CONT'D)

We completed the first phase of *Les Muguets*, the first residential serviced plots in the Smart City, and handed over 37 plots to respective buyers (MUR 202 million). A new incentive from Government this year is to allow the sale of serviced plots to non-citizens, which is encouraging. Previously we could sell only built-up units to foreigners.

We also completed and handed over the second phase of the Greencoast International School at a cost of MUR 92 million, with 225 students at the school at the start of 2022.

The Beau Plan Smart City now offers educational, leisure, office, cultural, residential and shopping opportunities. We have invested substantially in the infrastructure to make Beau Plan more accessible to the public through non-motorised transport, including walking, cycling, and electric scooters. This year we started working with a consultant to study the mobility of people in the Smart City to implement better measures and we recently received the necessary clearances from authorities to allow bus routes to serve the Mahogany Shopping Promenade. Eleven different transport companies will service Beau Plan in 2022.

We continue to integrate sustainability practices into the design process of the Smart City, including smart energy measures. We are targeting 20% energy savings at The Strand, which reduces operating costs at the office units and represents savings for the tenants themselves. We have signed an agreement with the Central Electricity Board for the implementation of a 1.6 MW photovoltaic solar farm, which will allow us to supply the full energy requirements at the Mahogany Shopping Promenade. Energy will be uploaded to the grid at a predefined tariff, with a ROI of 10 years.

We have incorporated recycling facilities for used cooking oil, and other wastes, and this will be third-party managed. We have contracted consultants to work on a centralised composting system. This will require the collaboration of Grays and Terragri but will be managed by Novaterra. The idea arose at the Group-wide sustainability summit in 2021 and the project enables the production of compost and gas.

The Mahogany Shopping Promenade will be a key employer to the surrounding villages, helping us to fully integrate them in the development of the region. As a business that relies on several different contractors, we ensure everybody is on the same level-playing field and has the chance to benefit from the new economic activities generated by the developments at Beau Plan.

The financial performance of our subsidiary, Sugarworld Ltd, which operates under the brand name *L'Aventure du Sucre*, improved. After experiencing a loss of MUR 20.3 million in 2020 due to the closure of borders, this was reduced to a loss of MUR 10.0 million this year. We received wage assistance from the Government and as an additional support the Group did not charge the company traditional costs.

OUR STRATEGIC OUTLOOK

In 2021 we could see the results of our five-year strategy come to fruition and what we had initially planned has been delivered. With the opening of the Mahogany Shopping Promenade, the Beau Plan Smart City is now open to the public at large. Our strategy for creating value has worked well, with the implementation of the school, equestrian centre, and shopping mall, the mix of projects has helped to bring higher value to Beau Plan. We have seen this with the price of land, which has really picked up over the years. From the first project we sold in Beau Plan to the latest, the price of land has increased by more than 200% and, in some instances, up to 300% for some exclusive products, in line with our value creation process. After five years the results are visible.

The key components of the Beau Plan Smart City development have been put in place, with MUR 4.2 billion invested to date.
Our strategy for the coming years will be based on three main axes:

- To grow our assets, and continue to build and lease;
- To concentrate on build and sell including villas, duplex, and apartments; and
- The sale of serviced plots, but only where we can extract the highest value.

Property and Leisure (cont'd)

OUR STRATEGIC OUTLOOK (CONT'D)

Looking ahead we will concentrate on extracting better value from Beau Plan, including both the residential and business parts. We will implement infrastructure for the Business City, an important precinct of our Smart City, and start the sales of land there. Our aim is to attract local and international entrepreneurs who wish to develop or relocate their businesses in Beau Plan. We have secured a major business tenant, which will certainly help us to attract further operators to the Business City. We are also in discussions with important car dealerships.

We have started to phase out the bulk sale of non-strategic land. This has been an active part of our strategy over the past years, but we will stop this to concentrate on our three main axes.

We have also identified a new zone for development with astonishing views over the North and close to Belle-Vue. We have obtained land conversion permits for this and have started to plan for the development.

We will maintain a strong focus on managing the development costs of our projects, targeting efficiency opportunities at all different stages, from inception to operation. We will also continue to integrate environmental considerations to reduce our footprint.

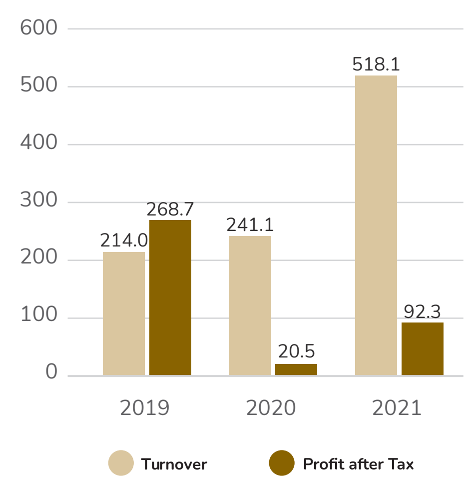
The geo-political situation will have an impact on Mauritius, including the tourism industry. The petrol prices have already gone up by 50% and the cost of living in general will certainly increase. Fortunately, Beau Plan is not yet a destination for non-citizen foreigners and our biggest share of the market for real estate remains local. But ultimately, we still want to attract more foreigners to Beau Plan. During Covid we saw that the appetite for land and real estate is significant in Mauritius, and we remain confident with our strategy.

With Mango Village, we initially positioned Beau Plan for a certain clientele. We are now working on a project with smaller apartment sizes to broaden our base of customers. We plan to build and offer for sale small apartments in the range of MUR 5-8 million. This will also talk to the investors market and we are already at the drawing board.

IMPACT OF COVID-19

- We mobilised a core team very quickly during the second lockdown to focus on maintenance of assets and tenants, which worked very well.
- *L'Aventure du Sucre* continued to incur losses for the year, but these were vastly reduced compared to 2020.
- Delays on construction due to the second lockdown delayed the opening of the Mahogany Shopping Promenade, but the launch was a great success.
- We implemented contact tracing to minimise the risk of infections, with eight employees at Novaterra and all employees at Mahogany Shopping Promenade being sent to quarantine when cases arose.
- We felt pressure from a certain number of tenants for our property rentals but managed to receive 99% of our forecasted budget.

Turnover and Profit after Tax (MUR'M)



Beau Plan Smart City Master Plan

Investments

	REVENUE MUR'M	PROFIT / (LOSS) MUR'M	% EFFECTIVE HOLDING
FINANCE			
SWAN General Ltd is the leading insurance general and life assurance company and financial solutions provider in Mauritius. It provides a range of insurance and financial solutions, from short-term and long-term insurance and retirement plans, to wealth management and stockbroking for corporate clients and individual customers.	7,500.3	692.5	34.6
Terra Finance Ltd offers advice and assistance to Terra's subsidiaries on cash management, and on the negotiation of short and long-term funding. The company is authorised to invest liquidities among various subsidiaries, and to manage their foreign currencies and exposure to currency and interest rate risks by using hedging tools.	144.0	3.8	100.0
Inside Capital Partners Ltd is an independent private equity manager seeking to invest through equity in strong potential opportunities in selected Southeast African countries. It is a limited company domiciled in Mauritius and also has an office in Lusaka, Zambia.	33.5	(0.6)	36.8
CONSTRUCTION			
Terrarock Ltd, incorporated in 1990 further to Terra's policy of field de-rocking, is involved in the manufacturing and sale of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd, the strategic partner of Terrarock.	173.2	24.9	45.0
REHM Grinaker Construction Co. Ltd is among the leading construction companies in Mauritius, involved in industrial, commercial, high-end hospitality and leisure projects, as well as in civil and infrastructure works. The company has gained recognition for quality-on-time on a wide range of projects in building and civil engineering, conventional contracts and design-build.	1,019.7	(67.9)	62.3

	REVENUE MUR'M	PROFIT / (LOSS) MUR'M	% EFFECTIVE HOLDING
OTHER INVESTMENTS			
Horus Ltée has an 18.3% stake in United Docks Ltd, a company listed on the Stock Exchange of Mauritius and holding property in the Port Louis harbour zone.	-	(0.1) =	50.0
Aquasantec International Ltd is active in development in East Africa, selling plastic equipment such as water tanks, mobile toilets, bio-digesters, septic tanks, HDPE pipe, gutters and other related plastic products using different technologies including roto, blow and injection moulding.	714.9	32.4	26.7
AMCO Solutions Ltd specialises in procurement and logistics for the sugar industry. In addition to the traditional storage and distribution of molasses, it also manages the Coal Terminal (Management) Co Ltd, whose responsibilities include the procurement, transport, storage and distribution of coal for the power plants of the sugar industry and the needs of the country. As from the beginning of 2018, the company has also been driving an aggressive procurement strategy to support its shareholders in their quest to lower the cost of inputs in sugar production.	20.1	9.3	41.9

Group-level Functions

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

HUMAN RESOURCES: INVESTING IN OUR PEOPLE

Having the right technical and leadership skills, diversity of experience, and a strong performance-oriented culture, is fundamental to Terra's ability to generate value. Terra's Corporate Human Resources (HR) Department, supported by the HR teams at Grays and Terragri, provides the Group's strategic guidance on HR issues, as well as various shared and value-added services, such as customised training and development programmes, HR efficiency matrices, and remuneration and benefit policies.

While several HR projects planned for 2021 were put on hold again, we managed to make headway in our culture journey, training and coaching activities. Our continued drive for efficiency in all our entities remained a key focus.

DEEPENING OUR DESIRED WORKING CULTURES

Our Culture and Engagement Journey in our agriculture and property clusters continued in 2021. In Terragri (Agriculture) we co-created the desired working culture through the delivery of workshops focused on trust and on how to define a caring and learning organisation, successfully moving away from a purely results and efficiency focused culture. For Novaterra, as a new and fast-growing cluster, we have the opportunity to create a culture focused on learning and results. Grays' leadership style has changed considerably over the years, and we also began the culture journey roll out in our Brands cluster, starting with a coaching session with the senior management team.

We continue to see improvements in interactions between colleagues from Terragri (Agriculture) and Terra Milling, supported by pairing exercises where colleagues from the different departments interact and learn about each other. Combined with private mentoring for individual employees where needed, and leadership sessions for key managers, this has helped to deepen our desired culture. The sugar industry has historically been seen as autocratic in its leadership style and through our initiatives our Cane cluster is moving towards a more caring and participative system.

We continue to track and measure desired behaviours through a culture index survey which is done every year. In addition, we will be rolling out our new employee engagement survey in 2022 to assess levels of employee engagement in our clusters. This survey will be conducted every two years.

To further support performance, we implemented a new continuous performance management system (PMS) in Terragri in 2021. We have called this new system PCR (Performance Coaching for Results). An important objective of this PMS is to have two meaningful conversations between the manager and staff member on an annual basis focused on measurable outcomes. We also conducted a remuneration survey, as we do every two years, for both executives and staff to monitor and adapt our remuneration policies and ensure they are aligned with market ranges.

HUMAN RESOURCES: INVESTING IN OUR PEOPLE (CONT'D)

LEARNING AND DEVELOPMENT

Our aim is to encourage a learning culture in all our entities, by continuously investing in learning and development. We formulate our annual training plan by conducting a training needs analysis in each cluster; economies of scale are achieved by running some Group learning programmes for all clusters with similar requirements. In 2021, we rolled out a new service through our Training Centre, which aims to provide excellent training services, optimising the Human Resource Development Council (HRDC) refunds and delivering improved return on investment for all trainings undertaken. Despite the difficult Covid-19 context, we adapted logistics to have a maximum of 20 participants in each training session combined with social distancing, and in some cases delivered live on-line sessions, enabling us to deliver a variety of training in 2021. Emphasis was placed on soft skills and coaching programmes. Through our Training Centre we delivered programmes across our clusters with a certified Gallup strengths coach, with a focus on existing and upcoming managers. This is part of our efforts to build a strong leadership bench. We launched our e-Learning platform towards the end of 2021, to meet the needs of millennials who now represent more than 50% of Terra's workforce. The platform offers eModules that require approximately 10-15 minutes to complete, and are easy to access at employees' workstations or on a mobile App. Our aim is to maximise the effectiveness of online learning by giving employees the possibility to learn at their own pace. Through our learning and development department and Training Centre, investing in the learning and development of our employees will remain a key strategic focus.

HEALTH AND SAFETY

The Group has a continuous improvement approach to providing a healthy and safe working environment for all its employees, sub-contractors, and visitors. With a proactive and highly KPI-driven health and safety (H&S) culture driven by our Group H&S Officer and dedicated H&S officers at the cluster level, we have decreased incidents significantly over the years.

This year we remained focused on handling the Covid-19 crisis to minimise the impact on business operations, while ensuring the safety of our staff. Terra's Covid-19 protocol, developed in 2020 and aligned with the country's legal framework, with input from our HR and H&S managers, proved effective in 2021 with no major business disruptions. For a substantial part of 2021 we put in place team rosters to prevent cross infection and with the support of a doctor on premises three times a week, cases were rapidly detected using medically certified PCRs. Together with contact tracing following the early identification of an infection, this reduced potential cases and saved significant lost time. Our workforce remained agile, operations were seamless, and the well-being of our staff was always front of mind. A high vaccination rate of 80% also helped to keep the teams mobile and motivated.

Cane: The Cane cluster recorded a total recordable injury rate (TRIR) of 18.4 in 2021 (2020: 27.2). This is the lowest injury rate that we have recorded since 2014, amounting to a 70% reduction in injuries over this eight-year period. This strong performance comes through active investment in health and safety, including training, equipment, and visible management interventions. Unfortunately, we still experienced two serious incidents during the year. In Terragri (Agriculture), a bell loader driver was hit by the bell loader and received multiple fractures. In Terra Milling, a seasonal worker caught his arm in a conveyor belt and suffered a crush injury. We expect significant man-days lost from both incidents. In addition to investing in occupational health and safety measures, we also spent MUR 1 million on a marketing campaign to address the ongoing risk of criminal fires in our fields and recorded a 90% reduction in fires during the year.

Brands: The Brands cluster recorded a TRIR of 30.8 in 2021 (2020: 29.0). We experienced a slight increase in our incident rate, mostly attributable to minor injuries from lifting heavy items with improper technique. We are addressing this issue through refresher training and more frequent visible on-site inspections. Unfortunately, we experienced one serious incident with an external service provider who received a serious electric shock from electrical high lines, while trimming a tree on our premises. We are always learning from incidents such as these and taking additional steps to prevent and mitigate these risks.

Power: The Power cluster recorded a TRIR of 0 in 2021 (2020: 19.9). All best practices and safety routines were successfully deployed and maintained during the year, and we met all our internal targets. There were no lost time incidents for employees and external workers, and we recorded 77 near-misses, the details of which inform our continuous learning and improvement. This strong performance is a reflexion of the excellent safety culture at Terragen. The focus in 2021 was also ensuring no burn-out amongst staff. We do stress tests at Terragen every two years to ensure they are equipped with the right tools to handle the level of stress in the workplace.

Property and Leisure: The Property and Leisure cluster recorded a TRIR of 12.4 in 2021 (2020: 3.5). A key initiative during the year was to address safety risks around the lake and stormwater drains around Beau Plan Smart City in preparation for the launch of the Mahogany Shopping Promenade. Novaterra ensures a safe working environment for all its stakeholders including employees, contractors, tenants, and visitors.

More information on our health and safety performance is provided in the Terra Sustainability Report, available on our website.

Group-level Functions (cont'd)

HUMAN RESOURCES: INVESTING IN OUR PEOPLE (CONT'D)

PROTECTING LABOUR RIGHTS

Covid-19 has brought several changes to labour law in Mauritius, including additional taxes and levies. Terra continues to ensure that all our employees are adequately remunerated and provided with a respectful working environment free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. We recognise the right of every employee to freedom of association. In the Cane cluster, 78% of workers are unionised across six different unions; sector workers are also regulated by sugar industry remuneration orders that set the minimum wages and conditions of employment for various categories of workers. The collective bargaining process was a key focus in 2021 with five of the six unions representing blue collar workers and negotiations remain ongoing. We also remain in negotiations with the union for white collar staff, and we hope that a satisfactory outcome will be reached in 2022. Through working with consultants in the negotiation process in 2021, we are no longer front facing, and this has helped significantly.

OUTLOOK

In terms of our human resource management, the digitalization of our processes for the next three years will be a key focus to remain lean and efficient, including in our recruitment and performance management.

In 2022, we will specifically focus on the delivery of three Group-level projects:

- Working with Dale Carnegie, we will conduct a full training needs analysis in all our businesses to identify needs as per objectives for each cluster and employee position;
- In collaboration with Willis Towers Watson, we will conduct our biennial employee engagement survey to identify top engagement drivers for the workforce;
- With the support of DDI, a global leadership consulting firm, we will identify critical positions at all levels in our businesses, run assessments with staff to identify talent, and create learning and development plans in line with our succession planning process. This aligns with our objective to build leadership bench strength.

In terms of health and safety, the Cane cluster will continue to run the fire campaign at a lower frequency to keep awareness on the issue and also implement ISO 45001. The Brands cluster will launch healthier products as part of its portfolio, widen the offering of low-no alcohol products, and continue with branded social media campaigns to promote smart drinking and address drink driving and domestic violence. The Power cluster will maintain strong safety performance. The Property and Leisure cluster will enhance collaboration to build a network of resilient relationships for the Smart City, working closely with the Group H&S manager to ensure safety protocols and compliance for all projects.

ENVIRONMENTAL PERFORMANCE: DRIVING SUSTAINABILITY AT THE CLUSTER LEVEL

Terra harnesses the productive qualities of landholdings in Mauritius to create stakeholder value. Agriculture and power-generation lie at the core of our business model, with our key business activities depending on the availability and quality of natural resources. Our key resources include land, water, soil, sugar cane, and biomass. Protecting our environment, through conserving these resources and safeguarding the ecological functioning of the island, is central to our value proposition.

Sustainability performance at each of our entities is managed through dedicated HSEQ employees at the cluster level. This decentralised approach is aimed at empowering each cluster to drive performance by identifying key objectives specific to their cluster and integrating this into the overall cluster strategy. This was supported by a Group-wide sustainability summit in 2021 for all General Managers and HSEQ officers. With a focus on making sustainability an intrinsic component of our employer branding at Terra, the summit helped each cluster to critically look at their businesses, create meaningful KPIs in better alignment with the Sustainable Development Goals (SDGs), and to identify synergies across the Group and commit to projects for 2022, to be taken through various stages, including pre-feasibility, feasibility, implementation, and monitoring. We will repeat the summit twice a year to monitor progress on KPIs.

ENVIRONMENTAL PERFORMANCE: DRIVING SUSTAINABILITY AT THE CLUSTER LEVEL (CONT'D)

SEMSI LISTING

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

CIRCULAR ECONOMY: OUR ENVIRONMENTAL FOOTPRINT

Our industrial ecosystem is a leading example of circular economy in sugar production. By-products from one part of our business, serve as inputs for other parts of the business, as illustrated to some degree in our Group business model (see page 10).

Climate change and water scarcity remain the key emerging environmental risks for Terra, while wastewater management, water pollution and waste production remain other key concerns. The potential to expand our production of renewable energy from biomass is a key climate change-related opportunity for the Group, and one that speaks strongly to our business model (see our Sustainability Report for more details). Moving away from fossil fuels towards renewable energy sources remains a top priority and we continue to invest significantly in cleaner production.

Cane: Drought conditions continued to impact on sugar cane production for Terragri (Agriculture), and a key focus remained on improving irrigation infrastructure to expand the distribution of treated effluent for irrigation across our fields. In 2021, 436,061 m^3 of treated effluent from Terra Milling and Terragen was used by Terragri for irrigation (2020: 536,430 m^3). Efficiency measures were implemented for both water and energy at Terra Milling, with the consumption of both declining marginally in 2021, partly a result of lower sugar production. A concerted effort was made to improve waste management at Terra Milling, with an emphasis on waste separation and recycling. All plastics, used oil, and scrap metals were effectively separated and sent for recycling.

Brands: In 2021, Grays Distilling sent 49,267 m^3 of *vinasse* effluent to Topterra for treatment, where it is processed into concentrated molasses stillage (CMS) and irrigation water, both used by Terragri in sugar cane fields. Water consumption declined at Grays Distilling due to lower levels of production, while consumption at Grays Inc. Ltd increased by 29%. Grays Inc. Ltd continued with efforts to optimise water-use efficiency, including the installation of rainwater harvesting infrastructure. No exceedances of effluent quality standards were recorded at either entity. An environmental risk assessment was conducted to identify priority areas for improving environmental performance, and a committee was established to ensure better management of our carbon footprint. A key initiative at Grays Inc. Ltd was the implementation of a more structured waste management procedure, including clear waste separation, better communication and more diligent record keeping. Plastic waste production declined from 5.7 to 5.5 tonnes, along with a 25% reduction in the generation of general non-hazardous domestic waste.

Power: Terragen continued to produce renewable energy from cane straw and *bagasse*, and explored additional options for expanding the production of renewable energy from biomass. Renewable energy production declined from 405,949 GJ in 2020 to 395,492 GJ in 2021, and carbon emissions increased from 421,724 TCO_2e to 500,097 TCO_2e. This was due to declines in the production of cane straw and *bagasse*, and a resultant increase in coal consumption. An additional 20 ha of eucalyptus was planted as part of our move towards building a future source of renewable biomass, and we initiated a biomass trial generating electricity from 300 tonnes of locally produced wood chips. Our water consumption increased to 1,604,584 m^3 (2020: 1,494,788 m^3), while our water-use efficiency improved to 3.62 m^3/MWh (2020: 3.70 m^3/MWh), both as a result of increased energy production in 2021. We again recorded exceedances in the quality of our effluent due to the presence of oil and grease, and have intensified our investigation of the root causes of this problem. The bulk of our effluent was treated and sent to Terragri for irrigation, with 25.3 m^3 of wastewater sent to the local water treatment facility. A portion of all coal fly ash generated (6,471 tonnes) was sent for processing at Omnicane for use as a cement additive. No exceedances were recorded for air emissions.

Property and Leisure: In 2021, Novaterra continued with the integration of environmental specifications and practices in the planning and construction of Beau Plan Smart City. The sewerage treatment works were completed and connected, and consultants have been contracted to design and implement an integrated waste management system that includes recycling and composting. Consultants have also been appointed to explore and guide the implementation of safe and sustainable mobility options. We have received the permit to install a 1.6 MW photovoltaic solar plant, which will cover the full energy requirements of the Mahogany Shopping Promenade.

Group-level Functions (cont'd)

ENVIRONMENTAL PERFORMANCE: DRIVING SUSTAINABILITY AT THE CLUSTER LEVEL (CONT'D)

OUTLOOK

During 2022 each of our clusters will have the following focus areas:

Cane: Developing precision agriculture capabilities to improve productivity and increase efficiency of chemical fertiliser; enhancing rainwater capture and developing irrigation infrastructure to enable more efficient use of water; enhancing focus on management of diesel consumption; and continuing to discuss and explore the future of organic sugar.

Brands: Implementing rainwater harvesting to cover up to 20% of needs; enabling re-use of rinse water for cleaning-in-place (CIP) processes to reduce the pressure on supply from the CWA; promoting sustainability internally and encouraging responsible use of water and the safe disposal of industrial effluent; and installing solar panels to meet up to 50% of electricity needs.

Power: Continuing engagements with Government to develop a strategy in line with the national 60% renewable energy objective by 2030, and the phasing out of coal; increasing cane straw and *bagasse* production, improving the *bagasse* conveyer system to enhance renewable energy production, and developing additional renewable biomass capacity, with a focus on wood chips from local sources.

Property and Leisure: Installing waste separation and recycling in our Beau Plan Smart City and working towards EDGE (ISC) certification for energy saving, targeting 20% energy savings in the office block, which reduces operational costs for tenants.

CORPORATE SOCIAL RESPONSIBILITY: SUPPORTING OUR COMMUNITIES

In addition to the significant social value created through the Group's core business activities by providing direct and indirect employment and upskilling of its workforce, Terra also provides focused support to neighbouring communities. Our Corporate Social Responsibility (CSR) programme, coordinated through Terra Foundation, is in line with Government's CSR guidelines promoting community development at both a regional and national level. The foundation's primary focus remained centred on the geographical areas around Terra's Beau Plan and Belle Vue operations, with 73% of our funds being allocated to projects in the region. Going forward, we aim to allocate more resources to ensure that the local communities fully tap the potential benefits associated with the development of our Smart City in Beau Plan.

COVID-19 PANDEMIC REMAINED A KEY CHALLENGE FOR OUR BENEFICIARIES IN 2021

In 2021, the facility offered by the Mauritius Revenue Authority (MRA) was maintained and companies of the Group were able to retain 25% for our long-term project partners out of the 75% CSR contribution to be made to the MRA for passing on to the National Social Inclusion Foundation (NSIF) for redistribution to NGOs. This enabled us to continue providing 50% of our CSR funds for our community projects. We maintained partnerships with 16 NGOs, sponsoring a total of 30 projects in 2021, with 22 projects representing 73.3% of our funding being delivered in the northern region. Our key focus remained in education and training, poverty alleviation, health care and sports.

While we were able to maintain our long-term NGO partnerships, our beneficiaries continued to face challenges in a difficult operating environment. The ZEP (priority education zone) school that we have historically supported, physically closed in 2021 due to Covid-19 restrictions, and teaching went online. In vulnerable areas online teaching is a major challenge for students who lack basic facilities at home, and our beneficiaries barely progressed in their curriculum. We continued to support the most vulnerable parts of the population in the northern region through our Group emergency fund, established in 2020. In addition to distributing food packs valued at MUR 289,082 in 2021, the Terra Foundation also collaborated with our Brands and Cane clusters to deliver food items to the most vulnerable and needy.

CORPORATE SOCIAL RESPONSIBILITY: SUPPORTING OUR COMMUNITIES (CONT'D)

Unfortunately, due to the Covid-19 restrictions we could not deliver several planned activities with our NGO partners. A missed opportunity was the cancellation of a three-day job fair to coincide with the launch of the Mahogany Shopping Promenade in Beau Plan, which impacted on our plans to build up a comprehensive database of jobseekers in the region and connect those seekers with our tenants. This is part of our integration strategy with local communities. We had to rely on NGO partners to develop a list of job seekers and encourage tenants to meet them, making it harder to track actual recruitment from the region. Following six months of operations, we did manage to conduct site visits at the Shopping Promenade to assess how many tenants have been able to hire people locally and we will develop a system where we can better track and recommend jobseekers.

Our focus remained on our immediate neighbourhoods to increase interaction between our community stakeholders and Beau Plan Smart City. A significant focus was to encourage local communities to use the facilities put at their disposal at the Creative Park and the Mahogany Shopping Promenade. Despite limitations due to Covid-19, we conducted guided tours of these facilities for a select group of NGO beneficiaries, and plan to offer this to more beneficiaries in 2022. As Covid-19 restrictions are gradually reduced and with the progress of the Smart City projects for the community, more facilities will be available as from next year.

Employees working from home also made it more challenging to connect with them about the work of the Foundation. Our plans to place more emphasis on employee volunteering initiatives was limited due to this, but we have started on a piece-meal basis. We will be building up a database in 2022 to enable the delivery of a broader level of volunteering and in-kind skills sharing projects.

On a more positive note, the Covid-19 crisis has inspired stronger networks and relationships with NGOs and beneficiaries, with their needs even more critical since the start of the pandemic.

More information on our CSR performance is provided in the Terra Sustainability Report, available on our website.

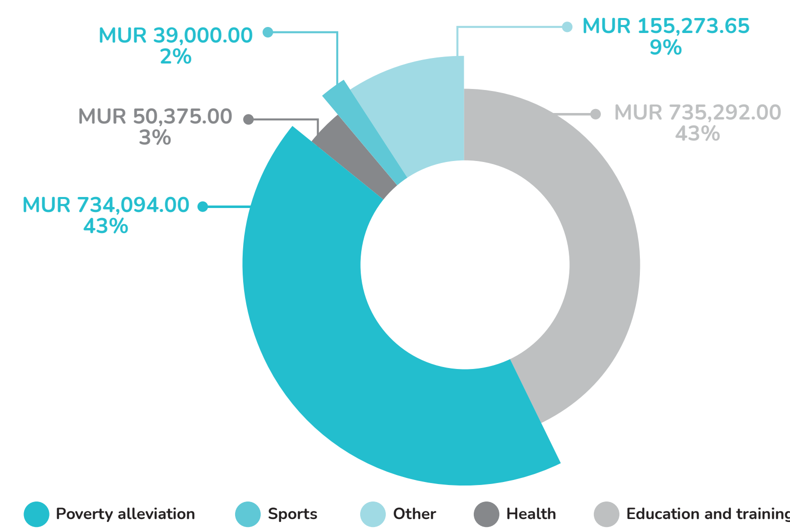
MEASURING IMPACT

Our budget of MUR 1,7 million net of administrative expenses supported 1,911 beneficiaries in total (1,452 in 2020), the majority of which were children. We conduct evaluation reports every year to assess the work of the various NGOs that we partner with.

OUTLOOK

Our focus will remain on maintaining the resilience of our NGO partners and local integration with our immediate neighbourhoods in Beau Plan Smart City. We will implement projects and activities planned since 2020 and delayed due to Covid-19, including beneficiary site visits, local recruitment and promotion of regional skills at Mahogany Shopping Promenade, as well as training to increase their employability in Beau Plan.

Sponsorship by Focus Area in 2021



Governance

"Alone we can do so little;
together we can do so much."
HELEN KELLER

Our Leadership

BOARD OF DIRECTORS

ALAIN REY
Non-Executive Chairman
First appointed to the Board in 2016

BSc (Hons) in Economics (London)

Member of the Institute of Chartered Accountants in England and Wales

DOMINIQUE DE FROBERVILLE
Non-Executive Director
First appointed to the Board in 2011

Maîtrise en Chimie Industrielle (France); MBA (England)

ALEXIS HAREL
Executive Director
First appointed to the Board in 2011

BSc Business Administration (USA)

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

MBA, INSEAD (Institut Européen d'Administration des Affaires) (France)

BSc Eng. (Hons) in Chemical Engineering and Chemical Technology (UK)

HENRI HAREL
Executive Director
First appointed to the Board in 2011

ACIS (South Africa)

NICOLAS MAIGROT
Managing Director
First appointed to the Board in 2016

BSc Management Sciences (London)

ANNA MALLAC-SIM
Non-Executive Director
First appointed to the Board in 2021

Master d'Architecture – ESA (Paris)

Diplôme d'Habilitation à la Maîtrise d'Œuvre en son Nom Propre (HMONP) – ESA (Paris)

PASCAL RAFFRAY
Non-Executive Director
First appointed to the Board in 2019

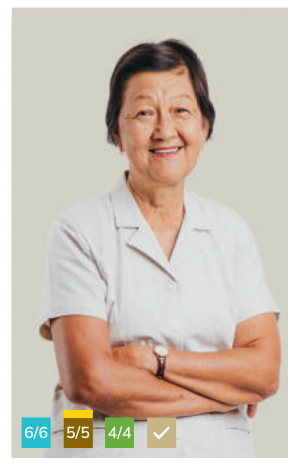
BA in Economics and Finance, INSEEC (France)

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

BSc (Hons) Economics, Industry and Trade (UK)

Postgraduate Diplomas in Financial Management (Australia) and in Development Planning Techniques (Netherlands)

Fellow of the World Academy of Production Science



MARGARET WONG PING LUN
Independent Non-Executive Director
First appointed to the Board in 2012

Fellow of the Institute of Chartered Accountants in England and Wales

BA Honours in Business Studies (London)

LOUIS DENIS KOENIG
Secretary to the Board Administrative Executive and Managing Director of Terra Services Ltd

Maîtrise ès Sciences Economiques (Economie d'Entreprise)

Diplôme d'Etudes Supérieures Spécialisées en Finance (France)

ARC: Audit and Risk Committee
CGC: Corporate Governance Committee
SIC: Strategy and Investment Committee
EC: Ethics Committee
BM: Board meetings
AM: Annual Meeting
Chairperson
Secretary

Our Leadership (cont'd)

BOARD OF DIRECTORS (CONT'D)

ALAIN REY (62)

Manager at Citibank NA (Paris) 1986-1988

Financial Director and General Manager
in the Mauritian textile industry 1988-2005

Regional Corporate Director at Barclays Bank in Mauritius 2005-2006

Chief Executive Officer of Compagnie Sucrière de Mont Choisy 2007-2015

Board member at Afrasia Bank 2006-2009

Board member at The State Bank of Mauritius 2009-2015

Current outside directorships of listed and quoted/non-listed companies:

Listed	Quoted/non-listed	
MCB Group Limited	CIEL Textile Ltd	Precigraph Ltée
New Mauritius Hotels Ltd	Quantum Ltd	MCB Microfinance Ltd

DOMINIQUE DE FROBERVILLE (62)

Production Manager in the paint and optical industries 1985-1988

Manager of two textile groups 1988-2000

Director of Operations and then Chief Executive Officer
at Mauritius Freeport Development 2001 to date

Former council member of the Mauritius Employers Federation and member
of the Mauritius Exporters Association.

ALEXIS HAREL (59)

Auditor and Trainer at De Chazal Du Mée
(Chartered Accountants) 1985-1986

General Manager at Elastico Ltd 1986-1988

Director at Dataphon (Mtius) Ltd 1988-1992

Commercial Executive and then Managing Director at Grays 1992 to date

Member of Terra's Executive Committee

Directorships of listed companies:

United Docks Ltd

DIDIER HAREL (70)

From Sales Engineer at Esso in Mauritius to General Manager of Esso in Reunion and to International Sales and Supply Coordinator at Esso Africa Head Office in the UK 1974-1988

Managing Director of downstream subsidiaries of Total in Zambia and Zimbabwe, Executive Vice-President in charge of Total's downstream operations in East Africa, Indian and Pacific Oceans at Africa-Middle East Head Office in Paris, Managing Director and CEO of Total South Africa Pty Ltd in Johannesburg, Executive Director of Logistics of Total France in Paris and Managing Director and CEO of Total UK Ltd in Watford 1989-2012

Chairman and CEO of Société Anonyme de Gestion des Stocks Stratégiques (SAGESS) 2012-2015

Directorships of listed companies:

MCB Group Limited

HENRI HAREL (61)

Auditor at De Ravel, Boulle, Saad & Wyman
(Chartered Accountants) 1981-1984

Internal Auditor at Toyota SA Manufacturing 1984-1988

Financial Accountant at Amalgamated Beverage Industries
(Coca-Cola South Africa) 1988-1990

Financial Controller at Société de Gérance de Mon Loisir 1991-1996

Financial Controller and then Group Chief Finance Officer
and Executive Committee member at Terra 1997 to date

Directorships of listed companies:

Swan General Ltd

NICOLAS MAIGROT (53)

From Management Controller to Chief Executive Officer
at Floreal Knitwear and Ciel Textile 1989-2010

Chief Executive Officer of Ireland Blyth 2010-2015

Managing Director of Terra 2016 to date

Chairman of Terra's Executive Committee

Directorships of listed companies:

Swan General Ltd
United Docks Ltd

ANNA MALLAC-SIM (33)

Associate of LPB Architectes (Paris) 2011-2015

Collaboration with several local architectural firms in Mauritius 2016-2017

Teacher at Ecole Nationale d'Architecture de Nantes
on its Mauritian campus 2018 to date

PASCAL RAFFRAY (46)

Sales Assistant at Donaldson Lufkin & Jenrette (Paris) 1999-2000

Trader on US equities at Credit Suisse (Paris) 2000-2007

Trader on International equities
at Neuflize OBC (ABN AMRO Group) (Paris) 2007-2013

Dealing services – global products at BNP Paribas (Paris) 2013 to date

BOARD OF DIRECTORS (CONT'D)

NIKHIL TREEBHOOHUN (67)

Teacher in Economics at secondary level 1978-1981

Senior positions at Ministry of Economic Planning
and Development and Ministry of Industry 1981-1987

Lecturer in Economics at the University of Mauritius 1987-1989

Projects Manager at the Industrial and Vocational Training Board 1989-1992

Director of the Export Processing Zone Development Authority 1992-2000

Executive Director of the National Productivity
and Competitiveness Council (NPCC) 2000-2005

Adviser and Head of the Trade Section
of the Commonwealth Secretariat 2005-2011

Chairman of Oxford International Consultants (Mauritius) 2011

Chief Executive Officer of Global Finance Mauritius 2011-2014

MARGARET WONG PING LUN (68)

Manager of the Consultancy Department of De Chazal Du Mée,
(Chartered Accountants) 1985-1990

Lecturer in Accounting and Finance at the University of Mauritius 1991 to her retirement in August 2019

She was a member of the Listing Executive Committee of the Stock Exchange of Mauritius

Directorship of listed companies:

Fincorp Investment Ltd

LOUIS DENIS KOENIG (SECRETARY TO THE BOARD) (55)

Statistician at the Anglo-Mauritius Assurance Society 1989-1990

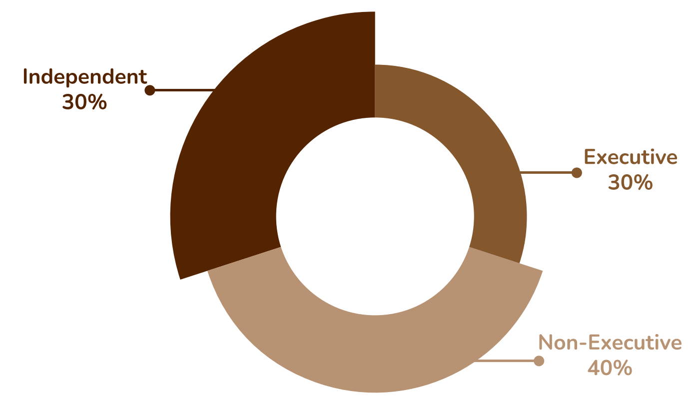
Assistant Secretary and then Administrative Executive at Terra 1990 to date

Dealer's Representative at Cavell Securities Ltd
and member of The Stock Exchange of Mauritius instances 1992-2006

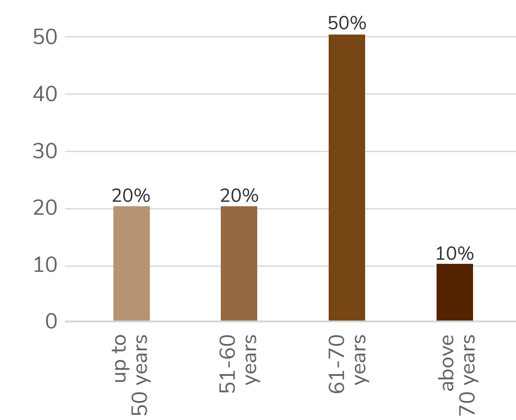
Fellow of the Mauritius Institute of Directors and Director of several subsidiaries of Terra

Member of Terra's Executive Committee

Composition of the Board of Directors



Age Pyramid of the Board of Directors



Our Leadership (cont'd)

MANAGEMENT TEAM

MARIE-ANNICK AUGUSTE
CSR MANAGER *(TERRA FOUNDATION)*

NICOLAS EYNAUD
GENERAL MANAGER *(NOVATERRA)*

EDWIGE GUFFLET
MANAGING DIRECTOR *(L'AVENTURE DU SUCRE)*

JEAN-MARC IWEINS
PLANT MANAGER *(TERRAGEN)*

STEEVE LAREINE
GROUP FINANCE MANAGER

CINDY LEUNG
DISTILLERY MANAGER *(GRAYS DISTILLING)*

SÉBASTIEN MAMET
GENERAL MANAGER *(AGRICULTURE)*

IQRA MOSAHEB
GROUP LEGAL ADVISOR

CHRISTOPHER PARK
GROUP HUMAN RESOURCE MANAGER

JULIEN ROUSSET
HEAD OF CORPORATE DEVELOPMENT

ASHWAN SEEPARSAD
GROUP IT MANAGER

JOËLLE WONG HING NANG
HEAD OF TREASURY *(TERRA FINANCE)*

Our Leadership (cont'd)

MANAGEMENT TEAM (CONT'D)

MARIE-ANNICK AUGUSTE **(51)**

BA in Psychology and Communication (South Africa)

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

NICOLAS EYNAUD **(53)**

National Diploma in Land Surveying (South Africa)

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

EDWIGE GUFFLET **(53)**

Maîtrise ès Sciences Economiques (France)
MBA (USA)

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

JEAN-MARC IWEINS **(41)**

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

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

STEEVE LAREINE **(57)**

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

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

CINDY LEUNG **(43)**

BSc (Hons) Biology with Environmental Sciences

Cindy Leung started her career as Head of the Quality department of Innodis Ltd in 2000, before being appointed Production Manager and subsequently Manager – Procurement & Quality in 2012, where she embraced new responsibilities in the commercial and logistics arms of Innodis Ltd. She joined Grays Inc. Ltd in 2015 as Supply Chain Manager, and since January 2019, she has been entrusted the additional task of managing Grays Distilling Ltd until 31 May 2022, when she left the Group.

SÉBASTIEN MAMET **(46)**

Chartered Accountant (UK)

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

IQRA MOSAHEB **(45)**

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

Called to the Mauritian Bar since 2002, Iqra Mosaheb started her career in the offshore sector. She has, over the last 16 years, acquired extensive experience in corporate legal services, including in overseeing group in-house legal services, both in the financial services and in non-financial services sectors, with an enhanced focus on banking services. Iqra joined Terra in 2017.

MANAGEMENT TEAM (CONT'D)

CHRISTOPHER PARK **(39)**

BCom HRM, Management and Business Law
(University of Western Australia)
MCom Human Resources and Marketing
(University of Western Australia)

Christopher Park started his career in Australia in 2006 where he worked for the country's largest human resource consulting and recruitment company, Chandler Macleod, as HR and Recruitment Consultant. Upon his return to Mauritius in 2009, he worked in several companies in a variety of senior management roles including DCDM Core Services, Adecco Mauritius and Cim Group. He was employed by Rogers as Corporate HR Manager from October 2012, before joining Terra as Group HR Manager in December 2013.

JULIEN ROUSSET **(40)**

MSc in Management (France)

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

ASHWAN SEEPARSAD **(39)**

BSc (Hons) in Business Information Technology (UK)

After obtaining his IT degree from the University of Greenwich, London, in 2007, Ashwan Seeparsad acquired experience in the IT sector in the UK for two years. He then moved to Mauritius in 2009 and worked during 14 years for several companies in Mauritius, among which the Ciel Group (for 10 years), where he was the IT Lead. He joined the Group in 2019 to serve as IT Lead and was subsequently appointed Group IT Manager in 2021.

JOËLLE WONG HING NANG **(40)**

Fellow Member of the Association of Chartered Certified Accountants (UK)
Member of the Mauritius Institute of Professional Accountants
BSc (Hons) Management with specialisation in Marketing (University of Mauritius)

Joëlle Wong started her career at Cirne Financial Services as Accounts Officer in 2004. She joined Shell Mauritius Limited in that same year as Stock Controller, before being appointed as Country Treasurer in 2008. She took on a wider role as Country Treasurer and Credit Controller in 2013. In 2016, she became part of the group credit function of Vivo Energy (a Shell and Engen Licensee in Africa) as Group Senior Credit Officer. In that role, she was responsible for managing the group credit risk and for leading several projects in 24 African markets whilst operating remotely from Mauritius. She joined Terra Finance Ltd in May 2021 and was appointed as Head of Treasury on 28 June 2021.

Management Information

EXECUTIVE COMMITTEE

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

**Also serves as Secretary to the Committee*

Profiles of Executive Committee members are set out on pages 80 to 87.

ACCOUNTS

Steeve Lareine	Group Finance Manager

HUMAN RESOURCES

Christopher Park	Group HR Manager

INFORMATION TECHNOLOGY

Ashwan Seeparsad	Group IT Manager

LEGAL

Iqra Mosaheb	Group Legal Advisor

CORPORATE SOCIAL RESPONSIBILITY

Marie-Annick Auguste	CSR Manager

CANE

Sébastien Mamet	General Manager
Didier Ramasamy (*as from 01 August 2022*)	Factory Manager

POWER

Terragen Management Ltd	Managers
Jean-Marc Iweins	Plant Manager

BRANDS

Bottling and distribution

Alexis Harel	Managing Director

Distillery

Cindy Leung (*up to 31 May 2022*)	Distillery Manager

PROPERTY AND LEISURE

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

STONE CRUSHING AND BLOCK MAKING

The United Basalt Products Limited	Managers

TREASURY MANAGEMENT

Joëlle Wong Hing Nang	Head of Treasury

Corporate Governance Report

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

CONSTITUTION

The constitution of Terra is in conformity with the provisions of the Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius. It is available on the Group's website.

The constitution has the following salient features:

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

On 28 and 30 December 2011, applications under Section 178 of the Companies Act were lodged before the Bankruptcy Division of the Supreme Court by certain dissenting shareholders of Harel Frères Ltd (now Terragri Ltd), representing some 6.4% of the share capital, alleging that they had been unfairly prejudiced by the scheme of arrangement approved by a majority of shareholders on 23 November 2011 (the Scheme), and requesting the buyback of their shares at fair value or the payment of compensation of a sum in excess of MUR 64 per share held by them. On the same day, in order to reassure the dissenting shareholders that their rights had not been affected by the Scheme, the Board of Terragri decided to amend the constitution of Terra, before the effective date of the Scheme, so that any matter that would have required the approval of the shareholders of Terragri would be submitted for the approval of those of Terra. Corresponding amendments were brought to the constitution of Terragri Ltd after the effective date of the Scheme.

The Board of Directors was advised that the above claim was misconceived. Counsel had further opined that the claim amounted to an abuse of the process of the court. The claim was resisted, and the matter was heard on 25 May 2012. On 11 February 2014, a judgement was issued by the Supreme Court, dismissing the application with costs and confirming that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders appealed against the judgement and the Court of Appeal, in its judgement, delivered on 25 March 2019, dismissed the appeal with costs. The appellants have since obtained leave from the Supreme Court to submit an appeal to the Privy Council, but the appeal has not been lodged within the specified time frame.

Corporate Governance Report (cont'd)

BOARD OF DIRECTORS

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

The roles of the Chairman and Managing Director are separate and each of them has clearly defined responsibilities. The Chairman's main role is to lead and oversee the proper functioning of the Board and to ensure that it operates effectively. The Managing Director is responsible for the day-to-day management of the Group, supervising a team of executives, coordinating the elaboration and submission of development strategies to the Board and monitoring the effective implementation of operational decisions. The Board has adopted a Board Charter, available on Terra's website, which describes clearly, *inter alia*, the role and responsibilities of the Board and its committees, the duties and powers of the Board, the related decision-making processes, and the management of potential conflicts of interest. The charter was reviewed in 2021. The Directors are aware of their legal duties.

The Board has also approved formal information technology and information security policies, which are available under the Corporate Governance section of the Group's website and which describe, *inter alia*, the restrictions placed over the right of access to information. These policies are regularly reviewed by the Board, which also approve yearly, together with the annual capital expenditure budgets of the main clusters, the significant expenditures on information technology.

Directors are expected to attend, in person or by teleconference, all Board meetings and all Board Committee meetings of which they are members, except in exceptional circumstances. Board meeting dates are generally set well in advance to enable Directors to manage their other commitments. The attendance of Directors at Board and Committee meetings in 2021, as well as at the Annual Meeting of shareholders, is set out on pages 80 and 81. The Board of Terra met six times during the year, including a special full-day session dedicated to Group strategy.

Senior Group executives are invited, when appropriate, to attend Board meetings and make presentations on the strategies and projects under the custody of their business units. The profiles of the senior Group executives are set out on pages 80 to 87. Consultants are also invited to attend board meetings when necessary and, in 2021, several of them made presentations to the Board.

During the year under review the Board focused on the following issues:

- Ensuring that the Company acted as a socially responsible entity;
- Reviewing the Board charter, the Code of Ethics and governance policies and documents;
- Adopting a new Group Risk Management Framework;
- Evaluating the impact of the Covid-19 crisis and approving revised budgets in light of the situation;
- Approving the audited consolidated annual and interim financial statements and their abridged version for publication, as well as the Annual Report;
- Overseeing performance of the main clusters against budgets;
- Ensuring balanced and constructive communications with stakeholders;
- Approving major strategic investments and credit lines with financial institutions;
- Considering reports from the Board committees;
- Overseeing key risk areas and ensuring effective risk management processes;
- Declaring final dividends for the year ended on 31 December 2021;
- Providing guidance and leadership in the corporate governance arena;
- Regularly reviewing and optimising the Company's debt profile; and
- Considering, providing input and approving the Group's strategy for the forthcoming financial year.

BOARD SIZE AND COMPOSITION

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

The Directors who held office at 31 December 2021 are those listed on pages 80 and 81.

Their profiles, as well as the directorships held by them in listed companies, including the external obligations of the Chairman, as well as any change thereto and its impact, appear on the same pages. The other external directorships held by them are available on page 245. The external obligations of the Chairman have not changed in 2021 and they have been found to be compatible with the discharge of his duties and responsibilities. The Board charter has capped the number of outside positions of Directors (excluding the Group and its associates) to ten, but the Board has the discretion of authorising a greater number on a case-by-case basis. None of the Directors have reached the prescribed limit. Except for Mr Pascal Raffray, who resides in Paris, all other Directors ordinarily reside in Mauritius, and there are two female members on the Board. Except for Mrs Margaret Wong Ping Lun, none of the independent Directors have yet served for more than nine years on the Board. If this was the case, the Board would examine regularly the situation and performance of the Director to determine if he/she would still be considered as independent. As regards Mrs Margaret Wong Ping Lun, who has served for nine years as independent Director in June 2021, she has nevertheless been proposed for re-election at the Annual Meeting held in 2021. Given the exceptional circumstances which the Company and the country have faced for two years now, in the wake of the Covid-19 pandemic, it had not been possible to find the required and appropriate profile to fill her position. The Board had carefully considered and resolved, in the light of the above-mentioned circumstances, that there was, in its perception, no reason why Mrs Margaret Wong Ping Lun ought not continue to serve on the Board as an independent Director for one more year.

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

At the Annual Meeting held in 2021, three Directors retired from office by rotation. One non-executive Director, appointed to fill a vacancy in 2021, was also proposed for re-election. All of them were eligible for re-election and were re-elected. One non-executive Director, namely Mr Didier Harel, will be proposed, under Section 138 (6) of the Companies Act, for re-election at the next Annual Meeting. The latest Board evaluation has confirmed his performance and commitment. Two other non-executive Directors will be proposed for election in replacement of Mrs Margaret Wong Ping Lun and Mr Alain Vallet.

The Board is of the opinion that the rotation of three Directors each year, as provided by the constitution of Terra is appropriate in the circumstances of the Group, given its complexity and the diversity of its activities.

The Board believes that the tenure of office of Directors should be of a sufficient duration to allow these Directors – particularly independent Directors and those who are members of the committees established by the Board – to be reasonably conversant with the intricacies of the Group's operations so as to exercise the expected degree of leadership, skill and judgement required to ensure sound decision-making at Board level, in the best interests of the Group.

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

Corporate Governance Report (cont'd)

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF TERRA MAURICIA LTD

The Directors' interests in the Company's securities as at 31 December 2021 pursuant to the Listing Rules are as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
DIRECTORS	SHARES	%	USUFRUCT	%	SHARES	%	USUFRUCT	%
Anna Mallac-Sim	133	0.00%	-	-	3,172,145	1.39%	2,751,920	1.21%
Nikhil Treebhoohun	-	-	-	-	-	-	-	-
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	30,133	0.01%	-	-	74,083	0.03%	-	-
Henri Harel	413,666	0.18%	-	-	35,200	0.02%	-	-
Nicolas Maigrot	-	-	-	-	-	-	-	-
Didier Harel	-	-	-	-	-	-	-	-
Alain Rey	-	-	-	-	-	-	-	-
Margaret Wong Ping Lun	-	-	-	-	1,333	0.00%	-	-
Pascal Raffray	-	-	-	-	-	-	-	-
Total	443,932	0.20%	-	-	3,283,027	1.44%	2,751,920	1.21%
Total issued shares	**227,545,624**							

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

NAME	NUMBER OF SHARES	BOUGHT OR SOLD
Associates of Mr Henri Harel	35,000	Bought

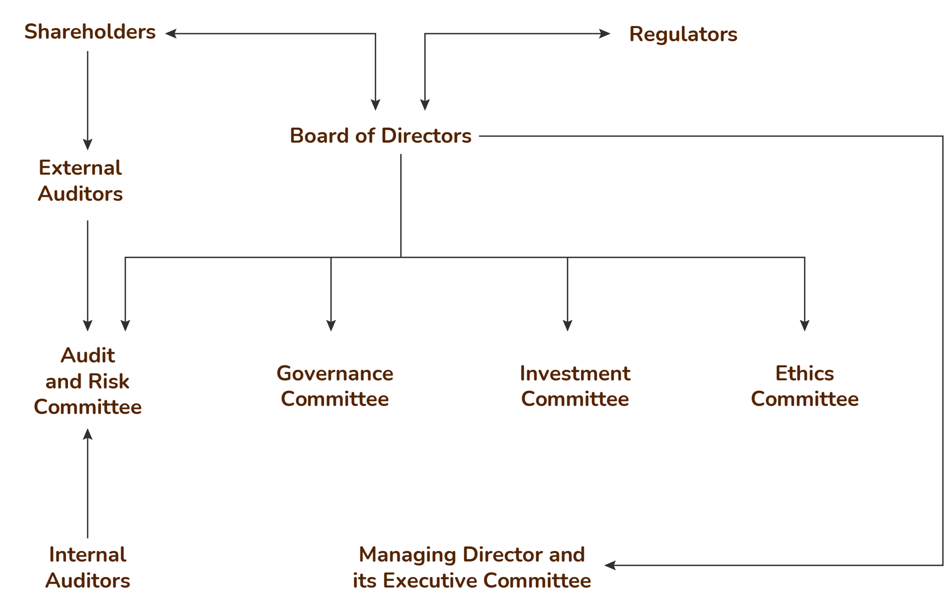
None of the other Directors bought or sold shares of Terra.

GROUP COMPANY SECRETARY

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

GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY

Terra's governance structure provides for delegation of authority, while enabling the Board to retain effective control. The Board delegates specific responsibilities to the Managing Director, as well as to Board committees with clearly defined mandates. Their terms of reference, which have been approved by the Board, were reviewed in 2020. They are posted on Terra's website, as well as the position statement of each senior governance position within the Company and an organisational structure of the Group, which have also been approved by the Board and were reviewed in 2021. While an independent Director assumes the chairmanship of the Audit and Risk Committee, the Chairman of the Board chairs the three other committees in order to ensure a smooth and proper coordination between these committees and the Board.



Corporate Governance Report (cont'd)

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

COMPOSITION

MEMBERS:

Margaret Wong Ping Lun	Chairperson: Independent non-executive
Pascal Raffray	Member: Non-executive
Nikhil Treebhoohun	Member: Independent Non-executive

OTHER REGULAR ATTENDEES:

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

TERMS OF REFERENCE

The Committee operates under formal terms of reference modelled closely on the Code's provisions. It is primarily responsible for maintaining an appropriate relationship with the Group's external auditors, reviewing and monitoring the effectiveness of the systems of internal control, including internal financial control, business risk management and the audit process. Its main objective is to provide the Directors with additional assurance regarding the quality and reliability of financial information used by them and to assist them in properly discharging their duties. The Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit work. External and internal auditors have unrestricted access to the Committee. The Committee's terms of reference also encompass the responsibilities to oversee the Group's risk management framework. The Board reviewed these terms of reference in November 2020.

EXTERNAL AUDITORS

At the Annual Meeting held in November 2021 the shareholders approved the re-appointment of BDO & Co.

Details of audit and non-audit fees are disclosed on page 116.

MEETING SCHEDULE

The Audit and Risk Committee met five times in 2021 and satisfied its responsibilities for the year in compliance with its terms of reference. Individual attendance by Directors is set out on pages 80 and 81. When the Committee met with the external auditors to review the financial statements, critical policies, judgements and estimates were discussed. The Committee has, on that occasion, met the auditors outside the presence of management.

COMMITTEE FOCUS IN 2021

- Monitoring of the external audit process;
- Consolidated and abridged audited financial statements for approval by the Board and publication;
- Review of annual report and management letters for the Group;
- External and internal audit planning for 2021;
- Review of internal audit reports; and
- Regular review of the effectiveness of the implementation of the Risk Management Framework, as described in the Group's Enterprise Risk Management (ERM) and review of the risk registers of each cluster.

BOARD COMMITTEES (CONT'D)

GRAYS' AUDIT AND RISK COMMITTEE

Given that 26% of Grays Inc. Ltd is owned by Distell Group, a strategic partner, and taking into account the complexity of its activities, Grays Inc. Ltd has a separate Audit and Risk Committee. This committee is under the chairmanship of Deon Louw, a representative of the strategic partner, with Henri Harel and Dominique de Froberville as members. The committee reports to the Board of Grays. The minutes of its proceedings are circulated to Terra's Audit and Risk Committee and Board. Grays' Audit and Risk Committee met on two occasions during the year: the first meeting focused mainly on the management letter from the external auditors, the audited financial statements, and the internal audit planning for the year; and the second one focused on the external audit plan, an assignment of the external auditors on system control, the review of six internal audit reports, and of the finalisation of the internal audit plan for 2022.

CORPORATE GOVERNANCE COMMITTEE

COMPOSITION

MEMBERS THROUGHOUT THE YEAR:

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

IN ATTENDANCE:

Nicolas Maigrot	Executive

TERMS OF REFERENCE

The Committee's role encompasses the functions of both the Remuneration and the Nomination Committees.

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

The Board reviewed the terms of reference of the Committee in November 2020.

MEETING SCHEDULE

The Corporate Governance Committee met four times during the year and the attendance of individual Directors at these meetings is detailed on pages 80 and 81.

COMMITTEE FOCUS IN 2021

- Corporate Governance Report and Annual Report for the year ended 31 December 2020;
- Review of the Board charter and of several corporate governance documents posted on the website;
- Appointment and re-appointment of Directors;
- Preparation of Annual Meeting held on 11 November 2021;
- Composition of boards of Directors of subsidiaries and associated companies;
- Review and approval of the remuneration of senior executives;
- Determination of the variable portion of senior executives' remuneration;
- Review of and recommendations for the Directors' remuneration in the light of an independent survey; and
- Renewal of the Directors and Officers Liability insurance policy.

Corporate Governance Report (cont'd)

BOARD COMMITTEES (CONT'D)

CORPORATE GOVERNANCE COMMITTEE (CONT'D)

BOARD EVALUATION

An update of the Board Effectiveness Evaluation exercise held in the first quarter of 2020 with the help of Ernst & Young (EY) is scheduled in the second semester of 2022, which will also review the performance of the Board committees and the individual Directors. The previous report was subsequently submitted to the Committee and to the Board in 2020. The appropriate measures were taken regarding the improvement areas identified by the report and pertaining mainly to the professional development of the non-executive Directors, the remuneration policies, the individual appraisal of the Directors' performance and the succession planning for the Board and senior executives.

STRATEGY AND INVESTMENT COMMITTEE

COMPOSITION	
MEMBERS THROUGHOUT THE YEAR:	
Alain Rey	Chairman: Non-executive
Dominique de Froberville	Member: Non-executive
Nicolas Maigrot	Member: Executive
Alexis Harel	Member: Executive
Didier Harel	Member: Independent Non-executive
Henri Harel	Member: Executive
IN ATTENDANCE:	
Julien Rousset	Head of Corporate Development

TERMS OF REFERENCE

The aim of the Strategy and Investment Committee is to assist the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee reviews and recommends to the Board significant investment or disinvestment choices based on input provided by the management team. It has neither managerial nor decisional powers. The Committee consists of a minimum of three and a maximum of six Directors appointed by the Board, at least half of whom should be non-executive Directors and preferably independent. The Board appoints a chairman from amongst the non-executive members of the Committee.
The Board reviewed the terms of reference of the Committee in November 2020.

MEETING SCHEDULE AND COMMITTEE FOCUS IN 2021

The Strategy and Investment Committee met six times in 2021. It reviewed the Group's investment portfolio as well as investment or disinvestment opportunities, including new projects for the property cluster, the financing requirements of the Group and made several recommendations to the Board. The attendance of individual Directors at these meetings is detailed in the table on pages 80 and 81.

BOARD COMMITTEES (CONT'D)

ETHICS COMMITTEE

COMPOSITION	
MEMBERS THROUGHOUT THE YEAR:	
Alain Rey	Chairman: Non-executive
Christopher Park	Member: Human Resources Manager
Nikhil Treebhoohun	Member: Independent Non-executive
Louis Denis Koenig	Member: Administrative Executive
IN ATTENDANCE:	
Gilbert Bouic (Group Ethics Officer)	Consultant

TERMS OF REFERENCE

The Group is fully committed to its Code of Ethics covering ethical standards. The Group's Code of Ethics is monitored by the Ethics Committee, which has the mandate to receive and deal with any complaint relating to same and to ensure that it is regularly updated.

The Group's Code of Ethics, which includes a whistle-blowing policy monitored by Transparency Mauritius, was reviewed in 2021. All Board members, senior executives, staff, and employees have been invited to renew their commitment to abide by the Code of Ethics. One whistle-blowing case was reported through Transparency Mauritius at the end of 2021 and has been duly and satisfactorily investigated. During the year, the Group Ethics Officer continued to devote time to encouraging the Group's employees and stakeholders, such as contractors and suppliers, to adhere to the revised Code of Ethics so as to ensure its successful implementation.

The Board reviewed the terms of reference of the Committee in November 2020.

MEETING SCHEDULE

The Committee met twice in 2021 and the attendance of individual Directors at meetings is detailed in the table on pages 80 and 81.

COMMITTEE FOCUS IN 2021

- Report of the Ethics Officer on its activities;
- Renewed the agreement with Transparency Mauritius for the whistle-blowing services;
- Dissemination of information on ethics within the Group;
- Review of the Code of Ethics;
- Action plan of the Ethics Officer for 2022; and
- Investigation on one case of whistle-blowing.

Corporate Governance Report (cont'd)

REMUNERATION OF DIRECTORS AND REMUNERATION POLICY

DIRECTORS

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

The remuneration received by Directors from the Company varied according to the number of meetings held and attended in 2021 and the number of committees on which they sat. The non-executive Directors do not receive any remuneration in the form of share options or in relation to the Company's or the Group's performance.

The individual remuneration received from the Company by the Directors in office on 31 December 2021 is as follows:

DIRECTORS	2021 MUR'000
Dominique de Froberville	784
Alexis Harel	862
Didier Harel	924
Henri Harel	572
Nicolas Maigrot	572
Anna Mallac-Sim	403
Pascal Raffray	761
Alain Rey (Chairman)	1,820
Nikhil Treebhoohun	831
Margaret Wong Ping Lun	1,017

EXECUTIVES

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

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

The overall remuneration of executive Directors includes a basic salary, pension and other benefits, as well as a variable annual performance bonus, in addition to the fixed and per meeting Directors' fees. The variable performance bonus is in line with the above-mentioned policy objectives and is based on a percentage of the Group's or relevant company's adjusted profit after tax, after deduction of any item of exceptional or non-operational nature, as well as on the achievement of agreed Key Result Areas. The variable annual performance bonus represents a significant percentage of the total remuneration of the executive Directors. This aims at better aligning the objectives set for these Directors with those of the Group and provides an added incentive to respond to the challenges which the Group faces.

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

The executive Directors do not receive any fees in their capacity of Directors of subsidiaries. They may however receive a remuneration from the subsidiary which is their employer. For reasons of confidentiality and market sensitivity of the information, the Board of Directors has decided not to disclose the individual remuneration of executive Directors received from subsidiaries,

The remuneration and benefits received by the Directors from the Company and its subsidiaries as at 31 December 2021 are disclosed in the Statutory Disclosures on page 115.

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Related party transactions are disclosed in aggregate in Note 40 to the Financial Statements. During the year, there were no material transactions between Terra or any of its subsidiaries or associates and a Director, chief executive, controlling shareholder or companies owned or controlled by a Director, chief executive, or controlling shareholder. Conflicts of interest, if any, have been properly declared by interested Directors and were properly managed according to the Conflict-of-Interest policy of the Group.

SHARE OPTION PLAN

The Group has no share option plan.

MANAGEMENT AGREEMENTS

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

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall ultimate responsibility for the system of internal control and risk management. Details on the way the Board delivered its duties in that respect, with the help of the Audit and Risk Committee, are provided on pages 102 to 106 of this report.

HEALTH, SAFETY AND ENVIRONMENT

An overview of the Group's Health and Safety activities and of environmental performance is provided on pages 73 to 76 of this report.

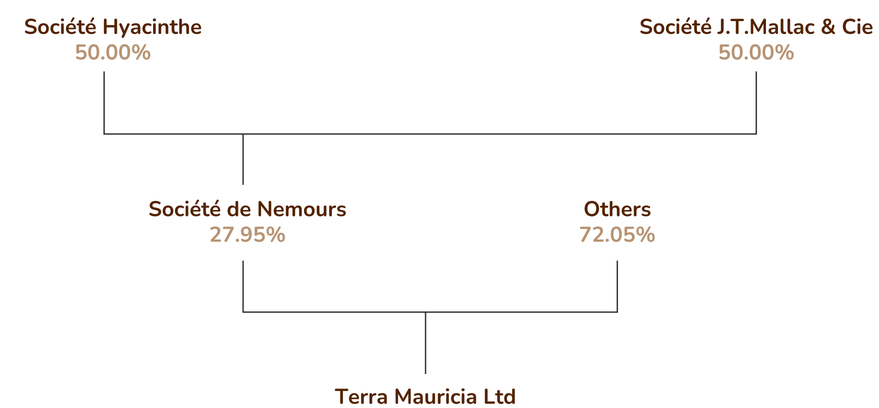
DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Political and other donations made during the year are shown on page 116. Until further notice the Board has decided to maintain the current practice of disclosing in aggregate the political contributions.

The Group's policies and practices in relation to corporate social responsibility are detailed on pages 76 and 77.

HOLDING STRUCTURE

As at 31 December 2021, the holding structure of Terra Mauricia Ltd (Terra) was as follows:



Corporate Governance Report (cont'd)

GROUP STRUCTURE

The Group structure is provided on page 246. The creation of new structures within the Group is generally discussed at the level of the Executive Committee (as defined on page 88) and the Strategy and Investment Committee, before being submitted to the relevant Board's approval. Information is exchanged within the Group through the Executive Committee, as well as the various management committees that have been set up for each cluster. The Group's risks are managed at the cluster level by each General Manager, each of whom has signed an acknowledgement in that respect. These risks are monitored at Group level by a Group Risk Management Committee through a risk management framework and a risk register, under the supervision of the Audit and Risk Committee.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the following shareholders were directly or indirectly beneficially interested in 5% or more in the share capital of Terra:

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

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

COMMON DIRECTORS

As at 31 December 2021, the following Directors were common to Terra and the Group's holding entities:

	DIRECTORS OF HOLDING ENTITIES		
DIRECTORS OF THE COMPANY	SOCIÉTÉ DE NEMOURS	SOCIÉTÉ HYACINTHE	SOCIÉTÉ J.T. MALLAC & CIE
Anna Mallac-Sim	✓		
Dominique de Froberville	✓		✓*
Alexis Harel	✓	✓	
Henri Harel	✓	✓*	
Alain Rey	✓*		

**Chairman*

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

SHAREHOLDERS' AGREEMENT

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

DIVIDEND POLICY

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

SHAREHOLDERS' AND STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

Moreover, all Directors are invited and encouraged, save for exceptional circumstances, to attend the Annual Meeting and to be available to answer shareholders' questions. In 2020 eight out of eleven Directors attended the meeting, while all Directors attended the meeting in 2021. Since 2003, it has been the practice to allow for the postal vote of shareholders at the Annual Meeting of Harel Frères and subsequently of Terra.

The main institutional investors and investment managers are invited each year to attend a presentation on the published audited results and to put questions to Management. This exercise is well attended and welcomed by the investing community.

In addition to the institutional or official forums such as the Mauritius Chamber of Agriculture, Business Mauritius, the Mauritius Chamber of Commerce and Industry, the Mauritius Sugar Syndicate or the Mauritius Cane Industry Authority, through which the Group is able to engage with its stakeholders, there are regular contacts established with the local communities. Those contacts are made, either directly or via the local authorities, on a frequent or ad-hoc basis, to remain appraised of the concerns and expectations of the stakeholders. There has been a number of social impact surveys conducted in the neighbouring regions, including in the context of the future Beau Plan Smart City, to help the Group engaging with the local *forces vives* and communities. Forums are also regularly organised by Terra Foundation with NGOs to assess their work, needs or expectations, and also to find ways of going beyond the strictly financial aspect of corporate social responsibility (CSR).

SHARE INFORMATION

Information relating to share distribution and Stock Exchange performance is set out on pages 107 to 112. Dates of important events are also noted.

Terra Services Ltd
Secretary

29 July 2022

Internal Controls and Risk Management

Terra's success as an organisation depends on its ability to identify and manage risks that can prevent it from achieving its objectives, including both downside risks as well as upside risks related to opportunities generated by its business and the markets it operates in. While ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk resides in the way Terra conducts its business and the culture of its team. Terra takes an embedded approach to risk management that puts risk assessment at the core of the leadership team agenda.

RISK-MANAGEMENT FRAMEWORK

The Group's risk management framework (RMF) is the management structure and set of procedures by which the Group enacts its Risk Policy and ensures that the Board of Terra Mauricia Ltd is able to discharge its responsibility for the governance of risk for the Group in accordance with the Companies Act and the Code of Corporate Governance for Mauritius.

In 2020, the Board, through the Audit and Risk Committee, decided to review the RMF with the assistance of Ernst & Young (EY), following the departure of the Group Risk Champion. Following the review, a Group Risk Management Committee was set-up at managerial level in 2021 to monitor the risk management of the Group's clusters.

The revised RMF illustrated below is designed to enable a continual process for identifying, evaluating, managing and reporting significant risks identified across the components of the Group.

ORGANISATION

Board of Directors
↑
Audit and Risk Committee
↑
Group Risk Management Committee
↑
Cluster Risk Champion and BU General Managers

OUTCOMES

- Clear guidance on risk management methodology
- Greater likelihood of achieving business objectives
- Fewer sudden shocks and unwelcome surprises
- Reduction in Management time spent "firefighting"
- Achievement of competitive advantage
- Increased likelihood of change initiatives being achieved

POLICY AND PROCEDURES

Risk Policy

- Policy around risk management to drive consistent interpretation and management of risks throughout Terra Mauricia Ltd and its subsidiaries

Risk Procedures

- Processes to identify risks, prioritise them, develop mitigating strategies and report to the Audit and Risk Committee
- Reporting tools and templates that underpin the monitoring and management of risks
- Processes to track progress in the implementation of remediation strategies; and
- Processes to measure and report on the effectiveness of these remediation strategies

ASSURANCE AND GUIDANCE

Internal audit

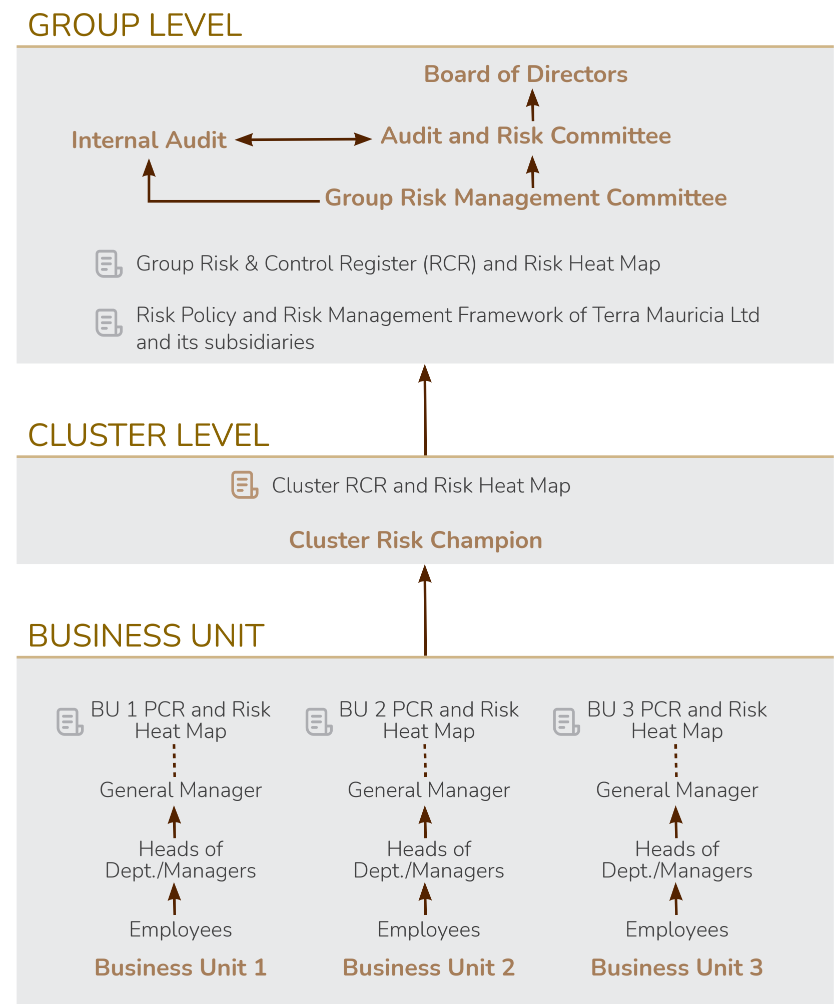
BU: Business Unit

RISK-MANAGEMENT FRAMEWORK (CONT'D)

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

RISK-MANAGEMENT ORGANISATION

The governance structure and associated lines of communication that apply to the Group's RMF are illustrated below. There is a two-way relationship between the risk owners (employees) at business unit level and the Board of Directors (the Board) at Group level, whereby the guidance from the Board will be cascaded down to the risk owners through established lines of communication. Risk registers and risk heat maps are established at business unit level, consolidated at cluster level and elevated at Group level for reporting purposes to the Board. This model allows for a top-down and bottom-up approach to risk management to operate.

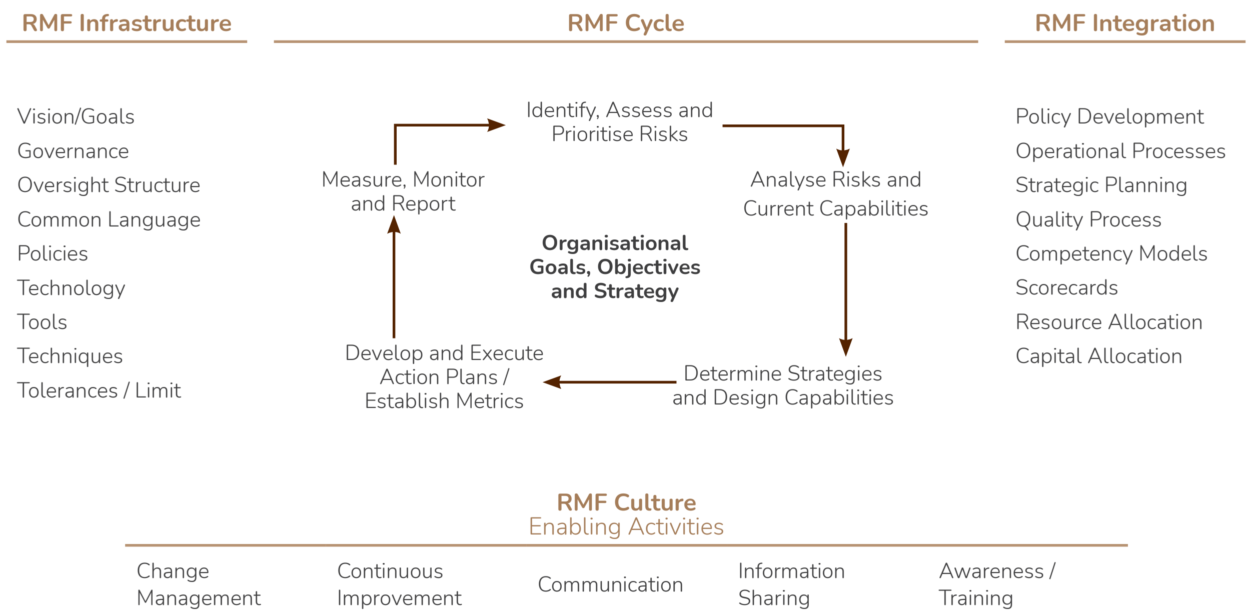


The above model is replicated across the clusters of the Group.

Internal Controls and Risk Management (cont'd)

RISK-MANAGEMENT CYCLES

The graphic below illustrates the risk management cycles, including the main associated activities, the way these integrate with the core processes and activities of Terra Mauricia Ltd and its subsidiaries, the infrastructure that enables risk management (in terms of policies, guidance and tools), and the internal processes and modalities that are required to establish and sustain a robust risk management culture.



REPORTING ON RISKS

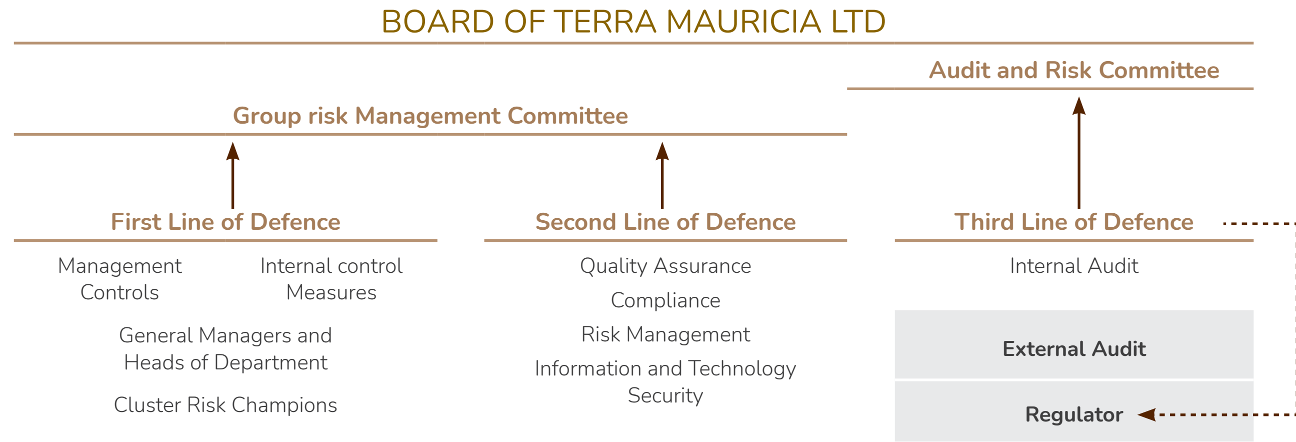
Our risk reporting process involves risk classification into four main categories that take into account the external and internal environment of all the business units in the Group. It also includes environmental, social and governance related risks.

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

Some 19 main risks were identified and validated by management for the Group, together with their mitigating measures and controls. These risks cannot be completely eliminated and controls and mitigating measures cannot provide absolute protection against factors such as unexpected events, errors or fraud.

INTERNAL CONTROLS AND AUDIT

To ensure the effectiveness of the Group's RMF, the Board and senior management rely on a number of line functions – including monitoring and assurance functions – within the organisation. Terra adopts the 'Three Lines of Defence' model as illustrated below:



FIRST LINE OF DEFENCE

Under the first line of defence, operational management has ownership, responsibility, and accountability for directly assessing, controlling and mitigating risks.

SECOND LINE OF DEFENCE

The second line of defence consists of activities covered by several components of internal governance (compliance, risk management, quality, IT, and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.

THIRD LINE OF DEFENCE

Internal audit forms the organisation's third line of defence. The internal audit function of the Group is outsourced to EY, except in the case of Grays, which has its own in-house internal auditor, as well as Terrarock, which has retained the services of UHY & Co. The internal auditors have a direct reporting line to the Audit and Risk Committees and maintain an open and constructive communication channel with the executive management team. They also have direct access to the chairpersons of the Committees and the Board. This reporting structure allows the internal auditors to remain independent and to report all items of significance to the Board and the Audit and Risk Committees. As the internal audit function is outsourced, it is therefore not possible to list on the website the structure, organisation, and qualifications of this function.

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

Internal Controls and Risk Management (cont'd)

INTERNAL CONTROLS AND AUDIT (CONT'D)

THIRD LINE OF DEFENCE (CONT'D)

During 2021, EY performed four internal audit visits, which were in line with the audit plan approved by the Audit and Risk Committee. UHY & Co performed one visit at Terrarock Ltd, while Grays' internal auditor completed four new assignments and submitted three investigative and four follow-up reports. Findings and observations were discussed with management at the respective business units; action plans to address internal control gaps were agreed and incorporated in the internal audit reports and reported to the Audit and Risk Committees.

We are continually reinforcing our risk management practices so that we move up the maturity curve for achieving a robust ERM system.

Margaret Wong Ping Lun
Chairperson of the Audit and Risk Committee

29 July 2022

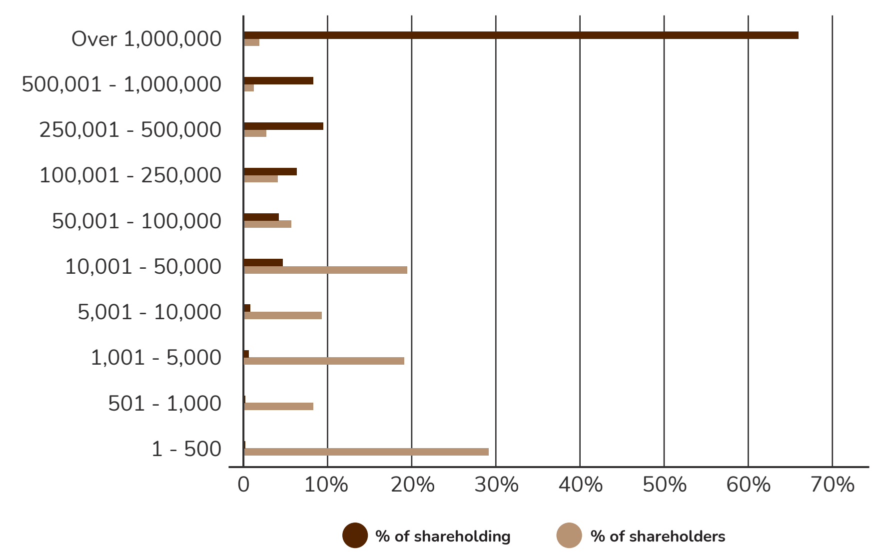
Share Analysis and Stock Exchange Performance

DISTRIBUTION OF SHAREHOLDERS OF TERRA MAURICIA LTD AT 31 DECEMBER 2021

RANGE OF SHAREHOLDING

RANGE OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHAREHOLDING
1 - 500	667	29.12%	108,502	0.05%
501 - 1,000	187	8.17%	164,136	0.07%
1,001 - 5,000	437	19.08%	1,161,306	0.51%
5,001 - 10,000	211	9.21%	1,546,143	0.68%
10,001 - 50,000	445	19.43%	10,463,527	4.60%
50,001 - 100,000	127	5.55%	9,346,734	4.11%
100,001 - 250,000	91	3.97%	14,160,428	6.22%
250,001 - 500,000	59	2.58%	21,359,277	9.39%
500,001 - 1,000,000	26	1.14%	18,700,981	8.22%
Over 1,000,000	40	1.75%	150,534,590	66.15%
TOTAL	2,290	100.00%	227,545,624	100.00%

Relative Comparison Between Range of Shareholders and Shareholding



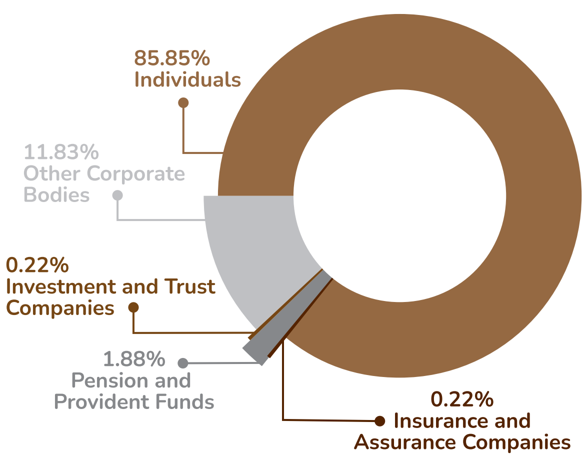
Share Analysis and Stock Exchange Performance (cont'd)

SHAREHOLDER SPREAD

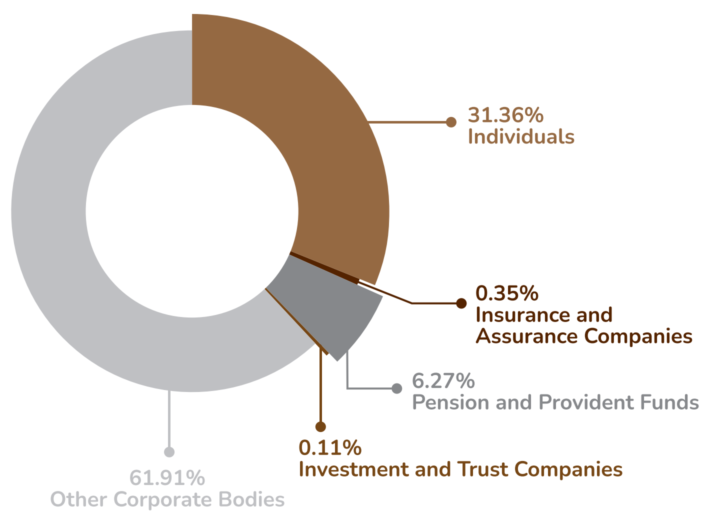
To the best knowledge of the Directors, the spread of shareholders at 31 December 2021 was as follows:

	SHAREHOLDERS		SHARE HELD	
	NUMBER	%	NUMBER	%
Individuals	1,966	85.85	71,354,967	31.36
Insurance and Assurance Companies	5	0.22	795,958	0.35
Pension and Provident Funds	43	1.88	14,268,924	6.27
Investment and Trust Companies	5	0.22	242,864	0.11
Other Corporate Bodies	271	11.83	140,882,911	61.91
Total	2,290	100.00	227,545,624	100.00

Distribution of Shareholders



Shares Held

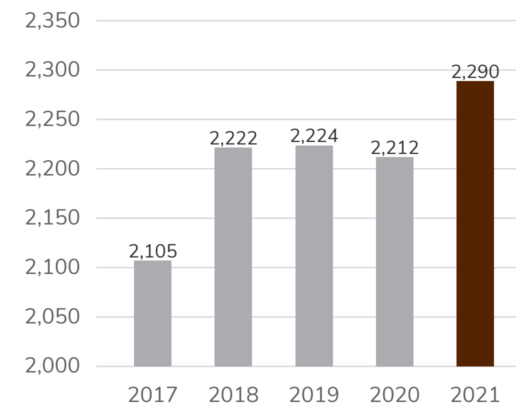


NUMBER OF SHAREHOLDERS

NUMBER OF SHAREHOLDERS AS AT 31 DECEMBER	
2017	2,105
2018	2,222
2019	2,224
2020	2,212
2021	2,290

The number of shareholders of Terra was 2,362 as at 30 June 2022.

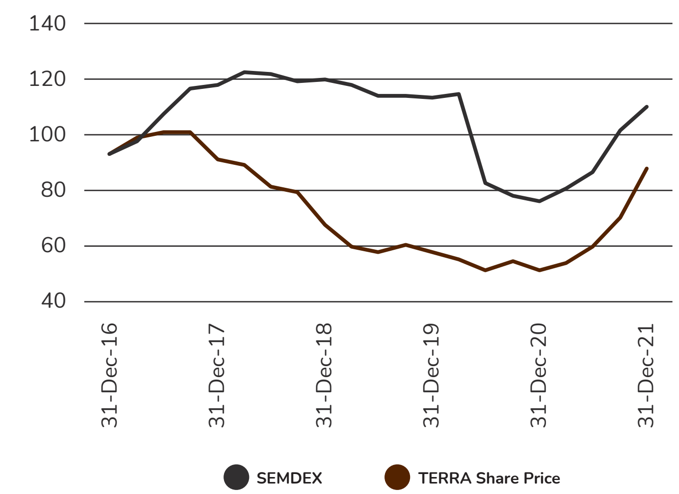
Number of Shareholders



STOCK EXCHANGE PERFORMANCE

Terra gained 55.30% (2020: -1.0%) in its share price to close at MUR 30.75 at the end of December 2021, and the price swung between MUR 18.60 and MUR 30.75 during the course of the year under review. Total volume traded on the stock market stood at 8.1 million shares (5.2 million in 2020) for a share turnover ratio of 3.56% (Market average: 4.19%). Total value traded amounted to MUR 188.7 million (Volume Weighted Average Price: MUR 23.27). Foreigners were net sellers to the tune of MUR 18.5 million (2020: 13.2 million).

Relative Quarterly Movement of SEMDEX and TERRA Share Price



Share Analysis and Stock Exchange Performance (cont'd)

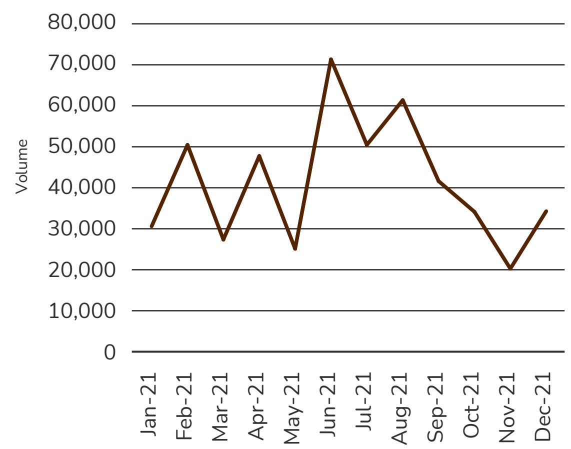
STOCK EXCHANGE PERFORMANCE (CONT'D)

	2017	2018	2019	2020	2021
SEMDEX (Points)					
Year End Closing	2,202.14	2,220.76	2,177.09	1,648.39	2,097.89
SHARE PRICE (MUR)					
Year End Closing Price	27.95	22.00	20.00	19.80	30.75
High	33.80	29.40	23.20	21.00	30.75
Low	27.95	21.05	19.50	16.50	18.60
Note: The Terra share price was MUR 25.00 on 29 July 2022.					
YIELDS					
Earnings Yield %	1.36	2.41	5.80	-*	6.60
Dividend Yield %	3.04	3.86	4.25	2.88	2.76
PRICE EARNING RATIO	73.55	41.51	17.24	-*	15.15

*For the year ended 31 December 2020, Terra Mauricia Ltd recorded a loss per share.

AVERAGE VOLUME TRADED MONTHLY ON THE STOCK EXCHANGE IN 2021

MONTH	AVERAGE VOLUME TRADED
January	30,317
February	50,206
March	27,071
April	47,484
May	24,821
June	71,111
July	50,218
August	61,133
September	41,348
October	33,852
November	19,965
December	33,997



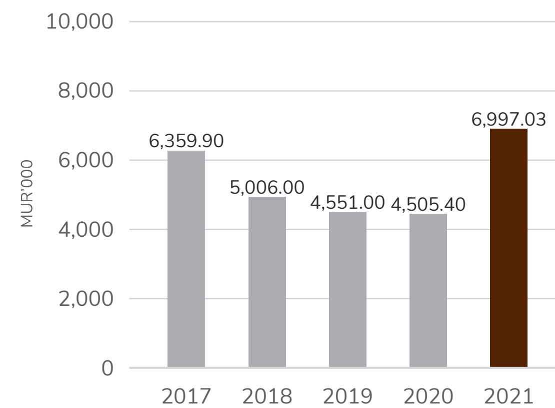
STOCK EXCHANGE PERFORMANCE (CONT'D)

MARKET CAPITALISATION

	MUR'M	EUR'M*	USD'M*
2017	6,359.90	127.75	144.95
2018	5,006.00	100.56	114.10
2019	4,551.00	91.42	103.73
2020	4,505.40	90.50	102.69
2021	6,997.03	140.55	159.48

The exchange rates used are those for the year 2021 as displayed below

The market capitalisation of Terra on 29 July 2022 was MUR 5,688.64 million.



MAIN EXCHANGE RATES TO THE RUPEE

Consolidated Indicative Selling Rates (Source: Bank of Mauritius on http://bom.intnet.mu)

CURRENCY	31 DECEMBER 2020	31 DECEMBER 2021
Euro	49.0541	**49.7827**
US Dollar	39.8550	**43.8750**
GB Pound	54.3643	**59.3501**
SA Rand	2.7729	**2.8115**

Share Analysis and Stock Exchange Performance (cont'd)

SHAREHOLDERS' CALENDAR AND RELATIONS

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

This calender has been disturbed this year again.

Website: www.terra.co.mu

For more details on shareholders' relations and communication please refer to page 101.

Secretary's Certificate

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

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

Terra Services Ltd
Secretary

29 July 2022

Statement of Compliance

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

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

Reporting period: 01 January to 31 December 2021

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

Alain Rey
Chairman

Nicolas Maigrot
Managing Director

29 July 2022

Statement of Directors' Responsibilities in Respect of Consolidated and Separate Financial Statements

Directors acknowledge their responsibilities for:

i. adequate accounting records and maintenance of effective internal control systems;

ii. the preparation of consolidated and separate financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with the International Financial Reporting Standards (IFRS), the Companies Act and the Financial Reporting Act; and

iii. the selection of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. The situation remains uncertain with various cities and countries around the world responding in different ways to address the outbreak. There have been significant direct and indirect impacts on companies across multiple industries and the world. The Group and the Company will continue to monitor the impact Covid-19 has on them and reflect the consequences as appropriate in their accounting and reporting. The Directors have made an assessment of the Group's and the Company's ability to continue as going concerns, taking into account all available information about the future including the analysis of the possible impacts in relation to Covid-19, which is at least, but is not limited to, twelve months from the end of the reporting period and from the date of signature of these consolidated and separate financial statements. Based on information on hand, there is no reason to believe that the Group and the Company will not qualify as going concerns in the year ahead.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.
The report of the external auditors on the financial statements is on pages 120 to 127.

The Directors report that:

i. adequate accounting records and an effective system of internal controls and risk management have been maintained;

ii. appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

iii. IFRS, the Companies Act, and the Financial Reporting Act have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained, and quantified;

iv. the Code of Corporate Governance has been adhered to. Reasons have been provided where there has been non-compliance; and

v. the full Annual Report is published on the Company's website.

Signed on behalf of the Board of Directors by

Alain Rey
Chairman

Nicolas Maigrot
Managing Director

29 July 2022

Statutory Disclosures
(Pursuant to Section 221 of the Companies Act 2001 and the Securities Act 2005)

DIRECTORS

NAMES

The names of the Directors of Terra Mauricia Ltd at 31 December 2021 are given on pages 80 and 81 of this report. In addition, a list of Directors of subsidiary companies at the same date appears on page 244.

SERVICE CONTRACTS

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

REMUNERATION AND BENEFITS

	THE COMPANY		SUBSIDIARIES	
	2021 MUR'M	2020 MUR'M	2021 MUR'M	2020 MUR'M
Emoluments paid by the company and its subsidiaries to:				
Directors of Terra Mauricia Ltd:				
Executive				
Full-time	**1.1**	1.2	**31.5**	28.6
Part-time	**0.9**	0.7	**10.6**	9.3
Non-executive	**6.9**	7.9	**0.8**	0.7
	8.9	9.8	**42.9**	38.6

Directors of subsidiary companies (other than those of Terra Mauricia Ltd):	2021 MUR'M	2020 MUR'M
10 Executive (10 in 2020)		
Full-time	**61.4**	58.2
16 Non-executive (15 in 2020)	**0.6**	0.5
	62.0	58.7

Statutory Disclosures (cont'd)
(Pursuant to Section 221 of the Companies Act 2001 and the Securities Act 2005)

CONTRACTS OF SIGNIFICANCE

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

AUDITORS' REMUNERATION

	THE COMPANY		SUBSIDIARIES	
	2021 MUR'M	2020 MUR'M	2021 MUR'M	2020 MUR'M
Audit fees paid to:				
BDO & Co	**6.4**	5.4	**1.7**	1.5

No fees were paid to BDO & Co for non-audit services.

DONATIONS

	THE GROUP	
	2021 MUR'M	2020 MUR'M
Contributions towards Corporate Social Responsibility	**6.2**	7.1
Amount distributed by Terra Foundation Number of projects funded: 30 (2020: 32)	**1.7**	2.9
Other donations	**0.3**	1.8
Political	**-**	-

SENIOR OFFICERS' INTERESTS

The Group's senior officers' interests in the Company as declared under the Securities Act 2005 as at 31 December 2021 were as follows:

	DIRECT				INDIRECT			
	BENEFICIAL	%	NON BENEFICIAL	%	BENEFICIAL	%	NON BENEFICIAL	%
SENIOR OFFICERS OF THE COMPANY								
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	30,133	0.01%	-	-	74,083	0.03%	-	-
Henri Harel	413,666	0.18%	-	-	436,310	0.19%	4,541,285	2.00%
Jean Marc Jauffret	5,000	0.00%	-	-	-	-	-	-
Sébastien Mamet	300	0.00%	-	-	-	-	-	-
Christopher Park	3,000	0.00%	-	-	-	-	-	-
Anna Mallac-Sim	133	0.00%	-	-	1,500,087	0.66%	2,063,947	0.91%
OTHER INSIDERS								
Olivier Prod'hon	800	0.00%	-	-	-	-	-	-
Total	453,032	0.20%	-	-	2,010,746	0.88%	6,605,232	2.90%

Total issued shares 227,545,624

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

Financial Statements

"Building is about getting around
the obstacles that are presented to you."
JEREMY RENNER

Independent Auditor's Report

To the shareholders of TERRA Mauricia Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of TERRA Mauricia Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 128 to 241, which comprise the consolidated and separate statements of financial position at December 31, 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated and separate financial statements on pages 128 to 241, give a true and fair view of the financial position of the Group and the Company as at December 31, 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritian Companies Act 2001.

BASIS FOR QUALIFIED OPINION

CONSOLIDATED FINANCIAL STATEMENTS

As disclosed in note 9 - Investment in Associates and note 37 - Associates, the Group has an associate, Sucrivoire S.A. ("the Associate"), whose operations are in Côte d'Ivoire. The Associate is accounted for using the equity method. For the year ended December 31, 2021, the share of the net assets of the Associate was MUR'M 713.2 (representing 19.5% of total Investment in Associates and 3.2% of Total Assets), and the share of loss from this Associate was MUR'M 130.0.

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

This matter was similarly qualified for the year ended December 31, 2020. For this reason, our opinion for the current year financial statements is also modified as a result of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

BASIS FOR QUALIFIED OPINION (CONT'D)

SEPARATE FINANCIAL STATEMENTS

In the separate financial statements, investment in subsidiaries are carried at fair value. As disclosed in note 8 - Investment in subsidiaries and note 36 - Subsidiaries, the investment in Ivoirel Limitée (a subsidiary having Sucrivoire S.A. as an associate), has a carrying value of MUR'M 349.5 (representing 2.6% of total Investment in Subsidiaries and 2.3% of Total Assets). The Company recorded a fair value decrease of MUR'M 102.8 (from MUR'M 452.3 to MUR'M 349.5) which has been included in the statement of other comprehensive income.

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

This matter was similarly qualified for the year ended December 31, 2020. For this reason, our opinion for the current year financial statements is also modified as a result of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section* of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code").* We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS

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

Valuation of land and buildings (applicable to the consolidated financial statements)
Refer to the significant accounting policies note 2.2, notes 4.1 and 5 to the financial statements

KEY AUDIT MATTER

The Group carries its land and buildings at revalued amount under the revaluation model in terms of IAS 16 Property, plant and equipment. Land and buildings, which consists mainly of agricultural land and is included under property, plant and equipment, with a combined carrying value of MUR'M 9,161.2, as at December 31, 2021.

Land and buildings are revalued every 3 years, unless there is evidence that the fair value of an asset differs materially from the carrying amount. The fair value of land and buildings is determined by an independent external valuer. The last valuation was carried out at December 31, 2019.

The valuation process involves significant judgement in determining the valuation methodology to be used and in estimating the underlying assumptions to be applied. The recent valuation was based on recent market transaction on arm's length terms for similar properties determined based on market comparable approach or on depreciated replacement cost when appropriate market value cannot be established.

This matter was considered to be one of most significance in the audit of the Group financial statements due to the material balance of land and buildings in the Group's financial statements and significant judgements and estimates involved in arriving at their fair values.

AUDIT RESPONSE

Our audit procedures in respect of this key audit matter included, amongst other:

- Assessing the design and implementation of the key controls relating to the valuation of land and buildings.
- Confirming the independence of management's expert (the external valuer) including their experience and qualifications.
- Obtaining the valuation reports prepared by the external valuer and assessing for reasonability by assessing key assumptions used and comparing with available market data.
- Testing the mathematical accuracy of the underlying conditions used in the valuation models.
- Ensuring that the measurement basis for the valuation and valuation methods used were in accordance with International Financial Reporting Standards.
- Satisfying ourselves that the techniques used in the open market value models by the external valuers are appropriate in the circumstances and have been applied consistently.
- Making enquiries with management with regards to the input to the valuation and requested management representation.
- Comparing the actual sales of land realised during the year with valuation report to confirm that there is no major difference in the value.
- Reviewing the completeness and adequacy of the disclosure in the financial statements for compliance with International Financial Reporting Standards, including disclosure on significant inputs and sensitivity analysis.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

Impairment of cash generating units (CGU's) and non-financial assets (bearer plants and land conversion rights) (applicable to the consolidated financial statements)
Refer to the significant accounting policies note 2.17, notes 4.1, 5, 7 and 28 to the financial statements

KEY AUDIT MATTER

In line with IAS 36, Impairment of Assets requirements, an annual impairment assessment should be undertaken for goodwill and intangible assets with an indefinite useful life. In addition, an impairment assessment should be performed when there is any indicator of impairment on other non-financial assets.

At December 31, 2021, an impairment assessment had been performed for the following:

Cash generating units (CGU's)

- Milling operations (Terra Milling Ltd)
- Growing operations (Agricultural cluster of Terragri Ltd)
- Power production (Terragen Ltd)

Non-financial assets

- Land conversion rights (LCR's) (included in the intangible assets and goodwill note 7)

In addition, an indicator of impairment had been identified for the following:

- Bearer and power plants (included in the Property, plant and equipment note 5)

An impairment assessment has been carried out whereby the recoverable amount of the non-financial assets has been compared with their carrying amounts.

AUDIT RESPONSE

Our audit procedures in respect of this key audit matter included, amongst other:

- Evaluating the design and implementation of the relevant controls relating to the impairment assessment of CGUs and non-financial assets.
- Evaluating management's impairment assessment to determine whether indicators of impairment exist based on our knowledge of the Group and current market information.
- Evaluating the completeness and adequacy of the financial statement disclosures in accordance with the requirements of IAS 36 Impairment of Assets.

Milling operations (Terra Milling Ltd), Growing operations (Agricultural cluster of Terragri Ltd), Power production (Terragen Ltd) and bearer plants.

- Obtain the impairment assessment and discuss the reasonableness of assumptions used with management to obtain a better understanding of the value in use calculations.
- Inspecting management's cash flow forecasts and evaluated the appropriateness of the key assumptions used (price of raw/special sugar, price of coal, discount rates and growth rates) in order to evaluate the reasonableness of forecasts where Discounted Cash Flow valuations have been applied to calculate the recoverable amount.

Independent Auditor's Report

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

Impairment of cash generating units (CGU's) and non-financial assets (bearer plants and land conversion rights) (applicable to the consolidated financial statements) (Cont'd)
Refer to the significant accounting policies note 2.17, notes 4.1, 5, 7 and 28 to the financial statements

KEY AUDIT MATTER	AUDIT RESPONSE
The recoverable amount being the higher of the value in use and fair value less costs to sell. The determination of the recoverable amounts involves a high level of judgement and estimation, particularly when Discounted Cash Flow valuations are applied in estimating the recoverable amount. An impairment is recognised should the recoverable amount of the asset or CGU be less than its carrying amount. The impairment loss is recognised in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease in other comprehensive income. This matter was considered to be one of most significance in the audit of the Group financial statements, due to the significant level of judgement and level of estimation exercised by management in the impairment assessment process.	This involved: • Testing the mathematical accuracy of the value in use/ discounted cash flow calculations. • Benchmarking key assumptions with available market data, agreeing inputs used to generate the revenue forecast to underlying information or other available industry data. • Comparing current year's revenue with forecast revenue to assess reasonableness of forecasts. • Agreeing the inputs used to calculate the discount rate to market available data, taking into account the continuing impact of Covid-19. *Land Conversion Right (LCRs)* - Evaluating the competence and independence of the external valuer and the appropriateness of the valuation methodology used. - Obtaining the valuation reports prepared by the external valuer and assessing for reasonability by assessing assumptions used and comparing with available market data. - Satisfying ourselves that the techniques used in the sales comparison approach by the valuers, are appropriate in the circumstances and have been applied consistently.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises mainly of information contained in the Annual Report, including the Corporate Governance Report, Statement of Compliance, Statement of Directors' Responsibilities and Statutory Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report in this regard. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the financial information of an investment in associate and a subsidiary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

MAURITIAN COMPANIES ACT 2001

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

- We have no relationship with or interests in, the Company and its subsidiaries other than in our capacity as auditors and dealings in the ordinary course of business.
- We have obtained all the information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

MAURITIAN FINANCIAL REPORTING ACT 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

OTHER MATTERS

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

Port Louis,
Mauritius.
July 29, 2022

BDO & CO
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Consolidated and Separate Statements of Financial Position

(December 31, 2021)

	Notes	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
ASSETS		**MUR'M**	MUR'M	**MUR'M**	MUR'M
Non-current assets					
Property, plant and equipment	5	**10,622.8**	11,312.3	**-**	-
Right-of-use assets	5A	**54.4**	37.5	**-**	-
Investment properties	6	**1,956.3**	1,755.8	**-**	-
Intangible assets and goodwill	7	**193.1**	196.1	**-**	-
Investments in subsidiaries	8	**-**	-	**13,647.5**	13,415.9
Investments in associates	9	**3,657.0**	3,089.9	**245.6**	108.2
Financial assets at fair value through other comprehensive income	10	**660.0**	557.2	**702.5**	576.6
Financial assets at amortised cost	11	**7.7**	5.9	**-**	1.0
Lease receivables	5B	**46.8**	44.6	**-**	-
Deferred tax assets	13	**216.7**	253.2	**-**	-
		17,414.8	17,252.5	**14,595.6**	14,101.7
Current assets					
Inventories	14	**1,288.7**	1,231.3	**-**	-
Consumable biological assets	15	**193.3**	172.6	**-**	-
Trade and other receivables	16	**1,759.1**	1,332.4	**44.5**	278.4
Financial assets at amortised cost	11	**17.3**	56.6	**-**	-
Lease receivables	5B	**2.4**	2.3	**-**	-
Current tax assets	25(a)	**3.2**	-	**-**	-
Cash in hand and at bank	34(b)	**505.8**	437.3	**35.2**	19.1
		3,769.8	3,232.5	**79.7**	297.5
Non-current assets classified as held for sale	17(i)	**1,098.7**	291.5	**351.7**	331.3
Total assets		**22,283.3**	20,776.5	**15,027.0**	14,730.5

Consolidated and Separate Statements of Financial Position (Cont'd)

(December 31, 2021)

	Notes	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
EQUITY AND LIABILITIES		**MUR'M**	MUR'M	**MUR'M**	MUR'M
Capital and reserves					
Stated capital	18	**11,976.0**	11,976.0	**11,976.0**	11,976.0
Revaluation and other reserves	19	**1,678.7**	1,307.8	**532.9**	168.1
Retained earnings		**504.7**	309.7	**1,418.3**	1,547.0
Owners' interest of the Company		**14,159.4**	13,593.5	**13,927.2**	13,691.1
Non-controlling interests		**840.1**	975.4	**-**	-
Total equity		**14,999.5**	14,568.9	**13,927.2**	13,691.1
Non-current liabilities					
Borrowings	20	**3,097.6**	2,644.6	**851.6**	851.6
Lease liabilities	21	**12.9**	29.5	**-**	-
Deferred tax liabilities	13	**242.5**	256.9	**-**	-
Retirement benefit obligations	22	**628.8**	865.1	**-**	-
		3,981.8	3,796.1	**851.6**	851.6
Current liabilities					
Trade and other payables	23	**1,218.8**	1,024.6	**12.0**	48.6
Contract liabilities	26(c)	**158.7**	73.4	**-**	-
Current tax liabilities	25(a)	**42.9**	26.0	**0.2**	0.5
Provisions	24	**24.8**	25.0	**-**	-
Borrowings	20	**1,038.6**	1,258.6	**236.0**	138.7
Lease liabilities	21	**36.5**	3.9	**-**	-
		2,520.3	2,411.5	**248.2**	187.8
Liabilities directly associated with non-current assets classified as held for sale	17(ii)	**781.7**	-	**-**	-
Total liabilities		**7,283.8**	6,207.6	**1,099.8**	1,039.4
Total equity and liabilities		**22,283.3**	20,776.5	**15,027.0**	14,730.5

These financial statements have been approved and authorised for issue by the Board of Directors on July 29, 2022.

Nicolas Maigrot
Managing Director

Margaret Wong Ping Lun
Director

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.
Independent auditor's report on pages 120 to 127.

Consolidated and Separate Statements of Profit or Loss

(Year ended December 31, 2021)

		THE GROUP		THE COMPANY	
	Notes	**2021**	2020	**2021**	2020
		MUR'M	MUR'M	**MUR'M**	MUR'M
Revenue	26	**6,223.8**	4,752.2	**210.9**	185.9
Cost of sales	30	**(4,780.1)**	(3,640.4)	**-**	-
Gross profit		**1,443.7**	1,111.8	**210.9**	185.9
Gains arising from changes in fair value of consumable biological assets	15	**20.7**	32.5	**-**	-
Fair value gain/(loss) on non-current assets classified as held for sale	17(iii)	**77.0**	(314.0)	**-**	-
Other income	27	**243.3**	152.9	**4.7**	6.9
Impairment loss of financial assets	28	**(59.5)**	(64.2)	**(1.0)**	(9.2)
Impairment loss of non-financial assets	28	**(536.3)**	(22.3)	**-**	-
Reversal of impairment loss on financial assets	28A	**60.4**	-	**9.2**	-
Administrative expenses	30	**(667.2)**	(594.2)	**(29.6)**	(17.7)
Distribution costs	30	**(165.5)**	(131.2)	**-**	-
Other expenses	30	**(252.5)**	(265.1)	**-**	-
Profit/(loss) before finance costs	29	**164.1**	(93.8)	**194.2**	165.9
Finance income		**10.0**	11.3	**3.0**	0.1
Finance costs		**(159.2)**	(173.0)	**(37.1)**	(33.2)
Net finance costs	31	**(149.2)**	(161.7)	**(34.1)**	(33.1)
Profit/(loss) after finance costs		**14.9**	(255.5)	**160.1**	132.8
Share of results of associates	9	**290.5**	249.2	**-**	-
Gain on remeasurement of associate	35(a)(ii)	**24.9**	-	**-**	-
Profit on disposal of associate		**39.8**	-	**-**	-
Impairment of associates	9	**(3.0)**	(181.8)	**-**	-
Profit/(loss) before taxation		**367.1**	(188.1)	**160.1**	132.8
Taxation	25(b)	**(50.4)**	(22.3)	**0.3**	(1.3)
Profit/(loss) for the year		**316.7**	(210.4)	**160.4**	131.5
Profit/(loss) attributable to:					
Owners of the Company		**462.3**	(268.9)		
Non-controlling interests		**(145.6)**	58.5		
		316.7	(210.4)		
Basic and diluted earnings/(loss) per share (MUR):	32	**2.03**	(1.18)		

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.
Independent auditor's report on pages 120 to 127.

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

(Year ended December 31, 2021)

		THE GROUP		THE COMPANY	
	Notes	**2021**	2020	**2021**	2020
		MUR'M	MUR'M	**MUR'M**	MUR'M
Profit/(loss) for the year		**316.7**	(210.4)	**160.4**	131.5
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	22(a)(vi)	**221.2**	(229.8)	**-**	-
Deferred tax on remeasurements of post-employment benefit obligations	13(b)	**(33.8)**	34.1	**-**	-
Changes in fair value of equity instruments at fair value through other comprehensive income	19	**(77.8)**	(37.1)	**269.1**	(60.3)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates	9(a)(ii)	**205.2**	(100.9)	**-**	-
Translation reserve movement		**57.1**	142.1	**-**	-
Other comprehensive income for the year		**371.9**	(191.6)	**269.1**	(60.3)
Total comprehensive income for the year, net of tax		**688.6**	(402.0)	**429.5**	71.2
Total comprehensive income attributable to:					
Owners of the Company		**799.7**	(434.5)		
Non-controlling interests		**(111.1)**	32.5		
		688.6	(402.0)		

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.
Independent auditor's report on pages 120 to 127.

Consolidated and Separate Statements of Changes in Equity

(Year ended December 31, 2021)

THE GROUP	Notes	Share Capital (Attributable to owners of the Company)	Revaluation and Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		MUR'M	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**
At January 1, 2020		11,976.0	1,480.7	707.6	14,164.3	1,019.9	15,184.2
Loss for the year		-	-	(268.9)	(268.9)	58.5	(210.4)
Other comprehensive loss for the year		-	(165.6)	-	(165.6)	(26.0)	(191.6)
Release on disposal of land		-	(15.0)	15.0	-	-	-
Changes in ownership interest in subsidiaries that do not result in a loss of control	35(c)	-	-	(1.4)	(1.4)	(0.2)	(1.6)
Other movements		-	7.7	(12.9)	(5.2)	-	(5.2)
Dividends	33	-	-	(129.7)	(129.7)	(76.8)	(206.5)
Balance at December 31, 2020		11,976.0	1,307.8	309.7	13,593.5	975.4	14,568.9
At January 1, 2021		**11,976.0**	**1,307.8**	**309.7**	**13,593.5**	**975.4**	**14,568.9**
Profit for the year		**-**	**-**	**462.3**	**462.3**	**(145.6)**	**316.7**
Other comprehensive income for the year		**-**	**337.4**	**-**	**337.4**	**34.5**	**371.9**
Release on disposal of land		**-**	**(50.0)**	**50.0**	**-**	**-**	**-**
Release on disposal of equity investments at fair value through OCI	10(i)	**-**	**95.7**	**(95.7)**	**-**	**-**	**-**
Changes in ownership interest from associate to subsidiary		**-**	**(12.9)**	**(28.6)**	**(41.5)**	**1.3**	**(40.2)**
Other movements		**-**	**0.7**	**0.4**	**1.1**	**0.8**	**1.9**
Dividends	33	**-**	**-**	**(193.4)**	**(193.4)**	**(26.3)**	**(219.7)**
Balance at December 31, 2021		**11,976.0**	**1,678.7**	**504.7**	**14,159.4**	**840.1**	**14,999.5**

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.
Independent auditor's report on pages 120 to 127.

Consolidated and Separate Statements of Changes in Equity (Cont'd)

(Year ended December 31, 2021)

THE COMPANY	Notes	Share Capital	Amalgamation Reserve	Equity Instruments at Fair value through OCI Reserve	Retained Earnings	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2020		11,976.0	(43.3)	271.7	1,545.2	13,749.6
Profit for the year		-	-	-	131.5	131.5
Other comprehensive income for the year		-	-	(60.3)	-	(60.3)
Dividends	33	-	-	-	(129.7)	(129.7)
At December 31, 2020		**11,976.0**	**(43.3)**	**211.4**	**1,547.0**	**13,691.1**
At January 1, 2021		**11,976.0**	**(43.3)**	**211.4**	**1,547.0**	**13,691.1**
Profit for the year		**-**	**-**	**-**	**160.4**	**160.4**
Other comprehensive income for the year		**-**	**-**	**269.1**	**-**	**269.1**
Release on disposal of equity investments at fair value through OCI	10(i)	**-**	**-**	**95.7**	**(95.7)**	**-**
Dividends	33	**-**	**-**	**-**	**(193.4)**	**(193.4)**
At December 31, 2021		**11,976.0**	**(43.3)**	**576.2**	**1,418.3**	**13,927.2**

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.
Independent auditor's report on pages 120 to 127.

Consolidated and Separate Statements of Cash flows

(Year ended December 31, 2021)

	Notes	THE GROUP 2021 MUR'M	THE GROUP 2020 MUR'M	THE COMPANY 2021 MUR'M	THE COMPANY 2020 MUR'M
Operating activities					
Profit/(loss) before taxation		**367.1**	(188.1)	**160.1**	132.8
Adjustments for:					
Depreciation of property, plant and equipment	5	**360.3**	361.1	**-**	-
Depreciation of right-of-use assets	5A	**17.3**	15.0	**-**	-
Profit on sale of property, plant and equipment	27	**(144.9)**	(78.3)	**-**	-
Profit on disposal of associate		**(39.8)**	-	**-**	-
Retirement benefit obligations	22	**49.7**	65.7	**-**	-
Amortisation of intangible assets and goodwill	7	**7.2**	9.8	**-**	-
Depreciation of investment properties	6	**17.1**	8.5	**-**	-
Impairment on investment property	6	**0.4**	-	**-**	-
Impairment on property, plant and equipment	5	**535.9**	-	**-**	-
Dividend income	26	**-**	-	**(210.9)**	(185.9)
Interest expense	31	**159.2**	173.0	**37.1**	33.2
Interest income		**(10.0)**	(11.3)	**(3.0)**	(0.1)
Impairment of intangible assets and goodwill	7	**-**	22.3	**-**	-
Share of results of associates	9	**(290.5)**	(249.2)	**-**	-
Impairment of associates	9	**3.0**	181.8	**-**	-
Impairment of financial assets	28	**1.0**	9.2	**1.0**	-
Reversal of impairment of financial assets	28A	**(9.2)**	-	**(9.2)**	-
(Gain)/loss on fair value measurement	17	**(77.0)**	314.0	**-**	-
Changes in working capital:					
- inventories		**31.2**	(105.2)	**-**	-
- financial assets at amortised cost		**45.7**	(26.1)	**9.2**	-
- consumable biological assets	15	**(20.7)**	(32.5)	**-**	-
- trade and other receivables		**(576.0)**	453.5	**2.3**	14.4
- lease receivables		**(2.3)**	(2.4)	**-**	-
- contract liabilities		**62.8**	(20.4)	**-**	-
- provisions	24	**(0.2)**	(1.0)	**-**	-
- trade and other payables		**216.7**	142.4	**(36.6)**	18.3
Cash generated from/(used in) operations		**704.0**	1,041.8	**(50.0)**	12.7
Interest paid		**(159.2)**	(140.4)	**(37.1)**	(33.2)
Employer's contribution to pension plan	22	**(64.8)**	(72.0)	**-**	-
Tax recovered	25	**-**	0.2	**-**	-
Tax paid	25	**(51.2)**	(60.1)	**-**	(0.4)
Dividends received from associates	9(a)(ii)	**78.9**	67.1	**-**	-
Dividend received		**-**	-	**210.4**	185.9
Net cash generated from operating activities		**507.7**	836.6	**123.3**	165.0

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 120 to 127.

Consolidated and Separate Statements of Cash Flows (Cont'd)

(Year ended December 31, 2021)

	Notes	THE GROUP 2021 MUR'M	THE GROUP 2020 MUR'M	THE COMPANY 2021 MUR'M	THE COMPANY 2020 MUR'M
Investing activities					
Purchase of property, plant and equipment	5(a)	**(250.3)**	(242.9)	**-**	-
Purchase of investment properties	6	**(375.4)**	(717.9)	**-**	-
Intangible assets acquired	7(a)	**(3.4)**	(10.2)	**-**	-
Purchase of investment in:					
- associates		**(59.2)**	(2.6)	**(47.7)**	-
- financial assets at fair value through other comprehensive income	10(i)	**(50.1)**	(92.2)	**(61.0)**	(94.8)
Acquisition of non-controlling interest in subsidiary	35	**(18.7)**	(1.6)	**-**	-
Proceeds on sale of property, plant and equipment		**206.6**	130.5	**-**	-
Proceeds on sale of investment properties		**63.7**	-	**-**	-
Proceeds on disposal of right-of-use assets		**2.2**	-	**-**	-
Proceeds on sale of investments		**94.6**	-	**94.6**	-
Deposits on investments		**(82.9)**	(71.8)	**-**	(71.8)
Loans repaid		**-**	-	**-**	8.1
Interest received		**10.0**	0.1	**3.0**	0.1
Investment income received		**-**	3.7	**-**	-
Net cash used in investing activities		**(462.9)**	(1,004.9)	**(11.1)**	(158.4)
Financing activities					
Proceeds from borrowings	34(a)	**403.6**	436.7	**97.3**	130.0
Repayment of borrowings	34(a)	**(199.6)**	(67.4)	**-**	-
Principal paid on lease liabilities	21(e)	**(17.3)**	(14.0)	**-**	-
Interest paid on lease liabilities	21(e)	**(2.0)**	(2.6)	**-**	-
Dividends paid to shareholders of TERRA Mauricia Ltd	33	**(193.4)**	(129.7)	**(193.4)**	(129.7)
Dividends paid to non-controlling interests	33	**(26.3)**	(76.8)	**-**	-
Net cash (used in)/ generated from financing activities		**(35.0)**	146.2	**(96.1)**	0.3
Increase/(decrease) in cash and cash equivalents		**9.8**	(22.1)	**16.1**	6.9
Movement in cash and cash equivalents					
At January 1,		**432.9**	451.6	**19.1**	12.2
Effect of foreign exchange rate changes		**29.7**	3.4	**-**	-
Increase/(decrease)		**9.8**	(22.1)	**16.1**	6.9
At December 31,	34(b)	**472.4**	432.9	**35.2**	19.1

The notes on pages 136 to 241 form an integral part of these consolidated and separate financial statements.

Independent auditor's report on pages 120 to 127.

Notes to the Consolidated and Separate Financial Statements

(Year ended December 31, 2021)

1A. GENERAL INFORMATION

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

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

Principal activities

TERRA Mauricia Ltd is an investment holding company.

Details of subsidiaries' activities are disclosed in Note 36.

1B. BASIS OF PREPARATION

The financial statements of TERRA Mauricia Ltd and its subsidiaries comply with the Mauritian Companies Act 2001 and Mauritian Financial Reporting Act 2004 (FRA) and have been prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the Company and its subsidiary companies (collectively "The Group") and the separate financial statements of the Company.

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

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

(i) Land and buildings are carried at revalued amounts;

(ii) Financial assets at fair value through other comprehensive income (FVOCI) are stated at their fair values;

(iii) Consumable biological assets are stated at their fair value less costs to sell;

(iv) Net defined benefit liability is measured at fair value of plan assets less the present value of the defined benefit obligation; and

(v) Investments in subsidiaries and associates in separate financial statements of the Company are measured at their fair values.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

In the current year, the Group and Company have applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

IFRS 7	Financial Instruments - Disclosures - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform

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

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

IAS 1	Presentation of Financial Statements - Amendments regarding classification of liabilities (effective January 1, 2023)
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective January 1, 2023)
IAS 1	Presentation of Financial Statements - Amendment regarding the disclosure of accounting policies (effective January 1, 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates (effective January 1, 2023)
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective January 1, 2023)
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective January 1, 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 1, 2022)
IFRS 3	Business combinations - Amendments updating a reference to the Conceptual Framework (effective January 1, 2022)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 1, 2022)
IFRS 16	Leases - Amendment to extend the exemption from assessing whether a Covid-19-related rent concession is a lease modification (effective April 1, 2021)
IFRS 17	Insurance Contracts - Original Issue (effective January 1, 2023)
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (effective January 1, 2023)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

New and revised Standards and Interpretations in issue but not yet effective (Cont'd)

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

Conceptual framework

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework (effective January 1, 2020).

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

The above new standards and interpretations are not applicable to these financial statements and management does not expect these to have any significant impact on the financial performance of the Group and the Company when they become effective. No early adoption is intended by the Board of Directors.

2.2 Property, plant and equipment

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

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

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)
(Year ended December 31, 2021)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment (Cont'd)

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

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

Land and construction in progress are not depreciated.

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

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

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

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

2.3 Investment properties

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

The principal annual rate is as follows:

Buildings	2 - 8%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investment properties (Cont'd)

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

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

Inventory property under development

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

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

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

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

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

2.4 Intangible assets and goodwill

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

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

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

2.4 Intangible assets and goodwill (Cont'd)

(i) Land conversion rights

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

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

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

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

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

(ii) Brands/distribution rights

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

<u>Useful life</u>

Distribution rights have an indefinite useful life. These are not amortised because there is no foreseeable limit to the cash flows generated by those intangible assets. The Directors have considered the relevant factors in determining the useful life of the distribution rights. As there is no foreseeable limit to the period over which these are expected to generate net cash inflows for the Group, the distribution rights have been assessed as having an indefinite useful life.

(iii) Computer software

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

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

(iv) Goodwill

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment in subsidiaries

Separate financial statements of the Company

In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value, with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve as per Note 2.7(b)(i) - Fair value through other comprehensive income.

Consolidated financial statements

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

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

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss as per note 2.7(a).

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

Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets) are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Unrealised losses are also eliminated but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

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

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

Loss of control

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates

Separate financial statements of the Company

In the separate financial statements of the Company, investments in associated companies are carried at fair value, with changes in fair value recognised in other comprehensive income and accumulated in fair value reserve as per Note 2.7(b)(i) - Fair value through other comprehensive income.

Consolidated financial statements

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

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

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

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

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

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

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

2.7 Financial instruments

(a) Recognition and initial measurement

All financial instruments are initially recognised when the Group and the Company become a party to the contractual provisions of the instrument.

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

(b) Classification and subsequent measurement

(i) Financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

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

(i) Financial assets (Cont'd)

Amortised cost

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

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

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

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

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

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

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

(i) Financial assets (Cont'd)

Fair value through other comprehensive income

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

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

(i) Financial assets (Cont'd)

Fair value through other comprehensive income (Cont'd)

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

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

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

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

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

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

(ii) Financial liabilities

Amortised cost

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

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

(c) Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (Cont'd)

(c) Derecognition (Cont'd)

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

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

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

(d) Offsetting

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

2.8 Biological assets

(i) Bearer Biological assets - Deer farming

Bearer biological assets, excluding bearer plants, are stated at their fair value less costs to sell with any change therein recognised in profit or loss.

(ii) Consumable Biological assets - Sugar cane

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases

(i) As a lessee

Leases are accounted for by recognising a right-of-use asset and a lease liability except for:

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

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

(a) There is an identified asset;

(b) The Group obtains substantially all the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset.

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

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

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

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

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

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

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

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

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (Cont'd)

(i) As a lessee (Cont'd)

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

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

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

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

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

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

(ii) As a lessor

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

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

Deferred tax is not recognised for:

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

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

Corporate Social Responsibility (CSR)

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax recognised in the profit or loss and the income tax liability on the statement of financial position.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Inventories

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

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

2.12 Non-current assets classified as held for sale

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

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

The Group

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

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

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

2.13 Stated capital

Ordinary shares are classified as equity.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

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

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.

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

State pension plan

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

Termination benefits

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)
(Year ended December 31, 2021)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations (Cont'd)

Measurement of defined benefit obligations: Key actuarial assumptions

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

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

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

2.15 Provisions

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

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

2.16 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Foreign currencies

(iii) Group companies

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

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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

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

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

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

2.17 Impairment of non-financial assets

Impairment of non-financial assets excluding goodwill

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

Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Goodwill

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

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

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

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

2.18 Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

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

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

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

Determining the transaction price

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

Allocating amounts to performance obligations

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition (Cont'd)

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

Practical expedients

The Company has taken advantage of the practical expedients:

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

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

(i) Cane cluster

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

(ii) Power cluster

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

(iii) Brands cluster

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

(iv) Property cluster

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

(b) Revenue from sale of morcellement lots

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition (Cont'd)

(c) Remaining performance obligations

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

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

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

(d) Other revenues

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

- Dividend income - when the shareholder's right to receive payment is established.
- Lease income arising from operating leases-on a straight-line basis over the lease term.
- Profit on sale of property, plant and equipment and land is recognised when the significant risks and returns have been transferred to the buyer.
- Agricultural diversification represents the gross proceeds of sale of fruits and vegetables and animals, revenue from agricultural diversification is recognised when goods are delivered and title has passed.
- Sugar Insurance Fund Board (SIFB) compensation represents the compensable loss in excess of the sugar accrued on supply and the total insurable sugar and is recognised on accrual basis unless there is uncertainty on the outcome of the compensation in which case the normal contingent asset policy as per IAS 37 applies.
- Others include rent and transport, cane supply agreement and other consultancy fees, which are recognised in the accounting year in which the services are received.

2.19 Dividend distribution

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

2.20 Segment reporting

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

2.22 Fair value measurement

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Management determines the policies and procedures for both recurring fair value measurement, such as land, investment properties and unquoted financial assets at fair value through OCI, and for non-recurring measurement, such as assets held for sale in discontinued operations. Management is comprised of the Chief Finance Executive, Chief Finance Officers, Heads of the investment properties segment.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Net finance costs

The finance income and finance costs include:

- Foreign exchange gain and loss;
- Interest expense; and
- Interest income.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income or expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.24 Government Wage Assistance Scheme (GWAS)

Government WAS is treated as government grant. It is recognised in profit or loss as a credit against salary costs in which the Company recognised as expenses the related costs for which the WAS are intended to compensate. The Covid-19 levy imposed on the WAS is payable in two instalments. The first instalment is based on the chargeable income of the current year and the second instalment is assessed on the forecasted chargeable income in the next year of assessment. The Covid-19 levy is accounted as a payable.

2.25 Contingent asset

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.26 Contingent liabilities

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

2.27 Construction contract

Contract costs are recognised when incurred.

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

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Construction contract (Cont'd)

The Group uses the 'stage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to surveys of work performed or completion of a physical proportion of the contract work. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

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

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

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group and the Company endeavour to manage their exposure to market risks and to minimise the impact of volatility in exchange rates and interest rates on the bottom line of group companies.

The Group's and the Company's activities expose them to a variety of financial risks which have to be effectively managed so as to protect their long-term sustainability and to safeguard the interests of their stakeholders.

The Group's and the Company's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's and the Company's financial performance.

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

(a) Market risk
  (i) Currency risk
  (ii) Equity price risk
  (iii) Commodity price risk
(b) Credit risk
(c) Liquidity risk and
(d) Cash flow and fair value interest rate risk.

(a) Market risk

(i) Currency risk

The Group is exposed to foreign exchange risk arising from sugar growing activities, primarily with respect to the Euro (EUR), the US dollar (USD), the Seychellois Rupee (SCR) and other currencies. This risk affects both the crop proceeds and the fair value of the biological assets. The Group also has investments in foreign entities denoted in US dollar (USD) and whose net assets are exposed to currency translation risk.

The Group and the Company are exposed to currency risks from their exports and imports both for their commercial and production activities. As such they are subject to risks from changes in currency values that could affect earnings. Given the limited availability of financial instruments locally, short-term transaction risks arising from currency fluctuations are not hedged.

Subject to cost and availability of finance, the Group and the Company aim to minimise their foreign exposure by borrowing in local and foreign currency to mirror their currency commitments as they fall due.

No currency risk is hedged.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency profile

The currency profile of the Group's and the Company's financial assets and liabilities are summarised below:

THE GROUP	MUR	EUR	USD	SCR	Other currencies	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2021						
Trade and other receivables	**1,061.6**	**171.0**	**23.0**	**85.6**	**138.3**	**1,479.5**
Financial assets at amortised cost	**25.0**	**-**	**-**	**-**	**-**	**25.0**
Cash in hand and at bank	**423.9**	**33.3**	**34.5**	**8.2**	**5.9**	**505.8**
Financial assets at fair value through other comprehensive income	**240.7**	**-**	**419.3**	**-**	**-**	**660.0**
Lease receivables	**49.2**	**-**	**-**	**-**	**-**	**49.2**
Total assets	**1,800.4**	**204.3**	**476.8**	**93.8**	**144.2**	**2,719.5**
Trade and other payables	**1,136.9**	**38.0**	**245.8**	**33.1**	**29.6**	**1,483.4**
Borrowings	**4,124.9**	**-**	**-**	**11.3**	**-**	**4,136.2**
Lease liabilities	**49.4**	**-**	**-**	**-**	**-**	**49.4**
Total liabilities	**5,311.2**	**38.0**	**245.8**	**44.4**	**29.6**	**5,669.0**
At December 31, 2020						
Trade and other receivables	782.5	145.1	28.3	42.5	1.2	999.6
Financial assets at amortised cost	62.5	-	-	-	-	62.5
Cash in hand and at bank	332.9	71.4	22.8	1.3	8.9	437.3
Financial assets at fair value through other comprehensive income	216.2	-	341.0	-	-	557.2
Lease receivables	46.9	-	-	-	-	46.9
Total assets	1,441.0	216.5	392.1	43.8	10.1	2,103.5
Trade and other payables	872.2	38.3	21.9	23.2	17.1	972.7
Borrowings	3,690.2	198.2	-	14.8	-	3,903.2
Lease liabilities	33.4	-	-	-	-	33.4
Total liabilities	4,595.8	236.5	21.9	38.0	17.1	4,909.3

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency profile (Cont'd)

THE COMPANY	MUR	USD	EUR	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2021				
Trade and other receivables	**2.3**	**-**	**-**	**2.3**
Cash in hand and at bank	**16.5**	**18.5**	**0.2**	**35.2**
Investment in subsidiaries	**13,647.5**	**-**	**-**	**13,647.5**
Investment in associates	**245.6**	**-**	**-**	**245.6**
Financial assets at fair value through other comprehensive income	**283.2**	**419.3**	**-**	**702.5**
Total assets	**14,195.1**	**437.8**	**0.2**	**14,633.1**
Borrowings	**1,087.6**	**-**	**-**	**1,087.6**
Trade and other payables	**11.1**	**-**	**-**	**11.1**
Total liabilities	**1,098.7**	**-**	**-**	**1,098.7**
At December 31, 2020				
Trade and other receivables	45.0	-	-	45.0
Financial assets at amortised cost	1.0	-	-	1.0
Cash in hand and at bank	9.4	9.5	0.2	19.1
Investment in subsidiaries	13,304.7	111.2	-	13,415.9
Investment in associates	108.2	-	-	108.2
Financial assets at fair value through other comprehensive income	235.6	341.0	-	576.6
Total assets	13,703.9	461.7	0.2	14,165.8
Borrowings	990.3	-	-	990.3
Trade and other payables	39.3	-	-	39.3
Total liabilities	1,029.6	-	-	1,029.6

The following significant exchange rates have been applied.

	AVERAGE RATE		YEAR-END SPOT RATE	
	2021	2020	**2021**	2020
	MUR	MUR	**MUR**	MUR
EUR	**49.04**	45.01	**48.74**	48.30
USD	**41.58**	39.27	**43.10**	39.35
SCR	**2.54**	2.23	**2.91**	1.81

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

A reasonably possible strengthening/weakening of the MUR against all other currencies at December 31, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The analysis is based on the assumption that the MUR strengthened/weakened against EUR and USD by 4% and 6% respectively (2020: 4% and 6%) and its corresponding impact on loss/profit.

	2021	2020	**2021**	2020
THE GROUP	**MUR'M**	MUR'M	**MUR'M**	MUR'M
EUR	**5.5**	(0.7)	**(5.5)**	0.7
USD	**11.5**	18.4	**(11.5)**	(18.4)
THE COMPANY				
USD	**21.8**	23.0	**(21.8)**	(23.0)

Given that the Group has limited foreign currency exposure to SCR and other currencies, no sensitivity analysis was carried out.

(ii) Equity price risk

The Group and the Company are exposed to equity securities price risk because of investments in financial assets at fair value through other comprehensive income. To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The table below summarises the impact of increases/decreases in the fair value of the investments on the Group's and the Company's profit or loss and equity.

The analysis is based on the assumption that the fair value increases/decreases by 3% (2020: 3%), based on historical observation.

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Financial assets at fair value through OCI	**+/- 19.8**	+/- 16.7	**+/- 21.1**	+/- 17.3

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Commodity price risk

The Group is also exposed to price risk with the incidence of the market price of sugar.

The table below summarises the impact of increases/(decreases) in the price of sugar on the Group. The analysis is based on the assumption that the price of sugar increases/decreases by 10% (2020: 11%), based on historical observation of consumable biological assets.

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Impact on profit or loss and equity	**96.8**	67.9

(b) Credit risk

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

The amounts presented in the statement of financial position, are net of impairment loss, estimated by the Group's and the Company's management based on prior experience and the current environment.

As regards the Cane and Power segments, the Group has significant concentration of credit risk with exposure spread over a few customers. However, sale of products is made through reputable institutions where risk of default is very remote.

As for the Brands segment, the Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group and the Company have policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and to limit the amount of credit exposure to any one financial institution.

Exposure to credit risk and ECLs for trade receivables and financial assets at amortised cost have been disclosed in notes 11 and 16 respectively.

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the Group's and the Company's non-derivative financial liabilities and into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2021					
Borrowings	**1,005.2**	**48.6**	**70.0**	**2,979.0**	**4,102.8**
Bank overdrafts	**33.4**	**-**	**-**	**-**	**33.4**
Lease liabilities	**36.5**	**12.9**	**-**	**-**	**49.4**
Trade and other payables	**1,218.8**	**-**	**-**	**-**	**1,218.8**
At December 31, 2020					
Borrowings	1,258.6	52.1	92.5	2,500.0	3,903.2
Bank overdrafts	4.4	-	-	-	4.4
Lease liabilities	3.9	29.5	-	-	33.4
Trade and other payables	1,024.6	-	-	-	1,024.6

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2021					
Borrowings	**236.0**	**-**	**-**	**851.6**	**1,087.6**
Trade and other payables	**12.0**	**-**	**-**	**-**	**12.0**
At December 31, 2020					
Borrowings	138.7	-	-	851.6	990.3
Trade and other payables	48.6	-	-	-	48.6

Details of going concern and subsequent events are disclosed in note 4.2 and note 42 respectively.

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

(d) Cash flow and fair value interest rate risk

The Group's and the Company's interest-rate risks arise from borrowings. Borrowings issued at variable rates expose the Group and the Company to cash flow interest-rate risk. Borrowings issued at fixed rates also expose the Group and the Company to fair value interest-rate risk.

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(d) Cash flow and fair value interest rate risk (Cont'd)

At December 31, if interest rates on MUR-denominated borrowings and EUR-denominated borrowings had been 50 basis points higher/lower, based on historical observation, with all other variables held constant, post-tax profit for the year and shareholders' equity would have been changed as shown in the table below.

	MUR denominated borrowings (50 basis points)		**EUR denominated borrowings (50 basis points)**	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
THE GROUP				
Impact on post-tax profit and shareholders' equity	**17.0**	16.2	**-**	0.8
THE COMPANY				
Impact on post-tax profit and shareholders' equity	**4.5**	4.1	**N/A**	N/A

At December 31, 2021 and December 31, 2020 if variable interest rates on deposit at bank had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would not be significantly impacted.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group and the Company are the current bid price. These instruments are included in Level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as financial assets at fair value through OCI.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow method, EBITDA multiple and net asset value are used to determine fair value for the remaining financial instruments.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital Risk Management

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

- To safeguard the Group's and the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group and the Company set the amount of capital in proportion to risk. The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Group and the Company monitor capital on the basis of the net debt-to-adjusted capital ratio. Adjusted capital comprises all components of equity (i.e. stated capital, revaluation and other reserves, and retained earnings).

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

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

	THE GROUP		**THE COMPANY**	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Total debt (note 20)	**4,136.2**	3,903.2	**1,087.6**	990.3
Lease liabilities (note 21)	**49.4**	33.4	**-**	-
Less: cash in hand and at bank	**(505.8)**	(437.3)	**(35.2)**	(19.1)
Net debt	**3,679.8**	3,499.3	**1,052.4**	971.2
Total equity	**14,999.5**	14,568.9	**13,927.2**	13,691.1
Net debt-to-equity ratio	**0.24:1**	0.24:1	**0.08:1**	0.07:1

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

4.1 Key sources of estimation uncertainty

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

Measurement of fair value

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 - land and building
- Note 8 - investment in subsidiaries
- Note 9 - investment in associates
- Note 10 - financial assets at fair value through other comprehensive income
- Note 15 - consumable biological assets

Pension benefits

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

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. More details about assumptions used are provided in note 22.

Impairment of non-financial assets

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Refer to note 28 for more details.

Future cash flows expected to be generated by the cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is allocated to the other assets of a cash-generating unit.

The land conversion rights ("LCRs") granted under the Sugar Industry Efficiency ("SIE") Act 2001 have been tested for impairment using the valuation of an independent property valuer.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

4.2 Critical accounting judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The details are provided in note 28.

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

Going Concern

THE GROUP

The Group realised a profit of MUR'M 316.7 for the year ended December 31, 2021 (2020: loss of MUR'M 210.4) and had total equity of MUR 15.0 billion (2020: MUR 14.6 billion). The Group had a net current asset position of MUR'M 1,249.5 at December 31, 2021 (2020: net current asset position of MUR'M 821.0).

The Group manages liquidity risk by maintaining adequate borrowing facilities and working capital funds. At December 31, 2021, the Group had unused credit headroom of MUR 2.4 billion. The Board monitors the net debt level of the Group taking into consideration the expected outlook of the Group's financial position, cash flows and future capital commitments. The Group adopts a prudent approach in managing its liquidity risk, taking into account any volatility in its business and investment activity requirements.

The Group has sufficient liquid assets and unused borrowing facilities with sufficient headroom to meet all its current obligations and financial commitments over at least the next 12 months from the date of approval of these consolidated financial statements. Consequently, the Directors have therefore concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Liquidity management

The overall group net debt amounted to MUR'M 3,679.8 (2020: MUR'M 3,499.3) which is an increase of 5.2% over the prior year. Out of the net debts are MUR'M 935.2 (2020: MUR'M 906.2) which are short-term money market lines which are renewed on an ongoing basis. The Group never had instances where the short-term money market loan had not been renewed.

The net debt-to-equity ratio of 24.5% as at December 31, 2021 is considered to be reasonable and is being monitored closely. The Group has sufficient liquid assets (Level 1 investments) and unused borrowing facilities with sufficient headroom to meet all its current obligations as they fall due in the normal course of business.

THE COMPANY

The Company is an investment holding company whose main source of income is dividends from investments. The Company generated a profit after taxation of MUR'M 160.4 (2020: MUR'M 131.5) for the year ended December 31, 2021 and had total equity of MUR 13.9 billion (2020: MUR 13.7 billion). The Company has a net current liability position of MUR'M 168.5 (2020: Net current asset position of MUR'M 109.7).

The Company has liquid assets and cash flows to meet all its current obligations and financial commitments over at least the next 12 months from the date of approval of these separate financial statements. Consequently, the Directors have therefore concluded that it is appropriate to prepare the separate financial statements on a going concern basis.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Land	Buildings on Leasehold Land	Buildings	Power Plant	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Construction in Progress	Bearer Plants	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION											
At January 1, 2021											
- Cost	3,476.9	141.6	565.5	2,145.0	1,456.0	656.2	442.0	743.6	0.9	718.8	10,346.5
- Valuation	5,369.1	-	2,715.2	-	-	-	-	-	-	-	8,084.3
Total cost/valuation	8,846.0	141.6	3,280.7	2,145.0	1,456.0	656.2	442.0	743.6	0.9	718.8	18,430.8
Additions	-	-	11.6	1.2	118.3	43.1	16.6	18.9	6.6	34.0	250.3
Transfer from investment properties (note 6)	5.1	-	-	-	-	-	-	-	-	-	5.1
Disposals/scrapped assets	(40.0)	-	(33.4)	-	(195.8)	(1.7)	(42.0)	(15.6)	-	-	(328.5)
Translation differences	-	-	12.1	-	-	-	4.3	6.2	-	-	22.6
At December 31, 2021											
- Cost	**3,442.0**	**141.6**	**555.8**	**2,146.2**	**1,378.5**	**697.6**	**420.9**	**753.1**	**7.5**	**752.8**	**10,296.0**
- Valuation	**5,369.1**	**-**	**2,715.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,084.3**
- Total Cost/Valuation	**8,811.1**	**141.6**	**3,271.0**	**2,146.2**	**1,378.5**	**697.6**	**420.9**	**753.1**	**7.5**	**752.8**	**18,380.3**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
At January 1, 2021	427.9	47.3	2,449.4	1,255.1	910.4	563.5	395.0	517.6	-	552.3	7,118.5
Charge for the year	-	1.8	73.1	56.5	97.3	25.2	25.7	27.7	-	53.0	360.3
Disposals/scrapped assets	-	-	(30.9)	-	(177.9)	(1.7)	(40.7)	(15.6)	-	-	(266.8)
Impairment loss (note 28(ii))	-	-	-	535.9	-	-	-	-	-	-	535.9
Translation differences	-	-	1.4	-	(0.5)	-	3.7	5.0	-	-	9.6
At December 31, 2021	**427.9**	**49.1**	**2,493.0**	**1,847.5**	**829.3**	**587.0**	**383.7**	**534.7**	**-**	**605.3**	**7,757.5**
CARRYING AMOUNTS											
At December 31, 2021	**8,383.2**	**92.5**	**778.0**	**298.7**	**549.2**	**110.6**	**37.2**	**218.4**	**7.5**	**147.5**	**10,622.8**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

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

(a) THE GROUP (CONT'D)

	Land	Buildings on Leasehold Land	Buildings	Power Plant	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Construction in Progress	Bearer Plants	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION											
At January 1, 2020											
- Cost	3,567.0	141.6	607.2	2,119.7	1,416.2	620.1	456.9	721.0	0.3	693.8	10,343.8
- Valuation	5,369.1	-	2,715.2	-	-	-	-	-	-	-	8,084.3
Total cost/valuation	8,936.1	141.6	3,322.4	2,119.7	1,416.2	620.1	456.9	721.0	0.3	693.8	18,428.1
Additions	-	-	12.4	25.3	101.3	36.1	15.1	26.9	0.6	25.2	242.9
Transfer to right-of-use assets (note 5A)	-	-	-	-	-	-	(4.0)	-	-	-	(4.0)
Transfer to investment properties (note 6)	(8.9)	-	(42.1)	-	-	-	-	-	-	-	(51.0)
Transfer to inventories	(62.1)	-	-	-	-	-	-	-	-	-	(62.1)
Disposals/scrapped assets	(19.1)	-	(3.8)	-	(61.5)	-	(22.9)	-	-	(0.2)	(107.5)
Translation differences	-	-	(8.2)	-	-	-	(3.1)	(4.3)	-	-	(15.6)
At December 31, 2020											
- Cost	**3,476.9**	**141.6**	**565.5**	**2,145.0**	**1,456.0**	**656.2**	**442.0**	**743.6**	**0.9**	**718.8**	**10,346.5**
- Valuation	**5,369.1**	**-**	**2,715.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,084.3**
- Total cost/valuation	**8,846.0**	**141.6**	**3,280.7**	**2,145.0**	**1,456.0**	**656.2**	**442.0**	**743.6**	**0.9**	**718.8**	**18,430.8**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
At January 1, 2020	427.9	45.0	2,413.7	1,198.6	872.0	542.1	380.4	494.0	-	495.0	6,868.7
Charge for the year	-	2.3	72.0	56.5	86.5	21.4	38.4	26.7	-	57.3	361.1
Transfer to right-of-use assets (note 5A)	-	-	-	-	-	-	(1.5)	-	-	-	(1.5)
Transfer to investment properties (note 6)	-	-	(29.9)	-	-	-	-	-	-	-	(29.9)
Disposals/scrapped assets	-	-	(5.5)	-	(48.1)	-	(20.1)	-	-	-	(73.7)
Translation differences	-	-	(0.9)	-	-	-	(2.2)	(3.1)	-	-	(6.2)
At December 31, 2020	**427.9**	**47.3**	**2,449.4**	**1,255.1**	**910.4**	**563.5**	**395.0**	**517.6**	**-**	**552.3**	**7,118.5**
CARRYING AMOUNTS											
At December 31, 2020	**8,418.1**	**94.3**	**831.3**	**889.9**	**545.6**	**92.7**	**47.0**	**226.0**	**0.9**	**166.5**	**11,312.3**

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

(b) Measurement of fair value of land and buildings

The fair value measurements of the freehold land and buildings of the Group as at December 31, 2019 were performed by Noor Dilmohamed & Associate, an independent professional valuer not related to the Group and having the appropriate qualifications (Certified Practising Valuer (Australia) & Registered Valuer; API Mem. Reg. No. 00064007) and recent experience in fair value of properties (note 2.2). The valuation was based on recent market transactions on arm's length terms for similar properties determined based on market comparable approach. Where the market value of an asset cannot be established, its value was arrived at using a surrogate such as Depreciated Replacement Cost.

The Directors have reviewed the carrying values of property, plant and equipment and are of the opinion that at the end of the reporting period, the carrying values have not suffered any impairment.

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

	Land		Buildings	
THE GROUP	**2021**	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cost	**3,442.0**	3,476.9	**712.6**	656.8
Accumulated depreciation	**-**	-	**(507.4)**	(462.7)
Carrying amount	**3,442.0**	3,476.9	**205.2**	194.1

Sensitivity analysis

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

2021 & 2020	Fair value hierarchy	Significant unobservable input	Range of unobservable input
Agricultural Land	Level 3	Price per Ha	MUR 305,000 - MUR 7,000,000
		Bulk discount rate	35.0%
Non-Agricultural Land	Level 3	Price per Ha	MUR 2,000,000 - MUR 25,000,000
		Bulk discount rate	35.0%
Buildings	Level 3	Price per Square meter	MUR 2,000 - MUR 50,000
		Bulk discount rate	35.0%

The bulk discount of 35% has been determined using the following assumptions:

- Around 330 Hectares may be disposed of annually;
- The period of sale would be 20 years;
- The rate of growth of agricultural land more particularly cane land at around 2 per cent per annum; and
- The discount rate 6.5 per cent per annum.

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

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

(c) Impairment losses

Land

For the year ended December 31, 2021, the Group did not recognise any impairment on land based on recoverable amount of the Agricultural business unit (2020: Nil).

Bearer plants

For the year ended December 31, 2021, the Group did not recognise any impairment on bearer plants (2020: Nil) based on a valuation carried out by management.

Power plant

Market and economic conditions were indicators of a potential impairment. The impairment was determined by comparing the carrying amount of the Cash Generating Unit ("CGU") with its recoverable amount which was estimated based on its Value in Use ("VIU"). The VIU amount has been determined using discounted cash flow technique.

For impairment testing, management projects cashflows over a period of 19 years. The Subsidiary's main business is to generate electricity using its power plant and sell to the Central Electricity Board ("CEB"). The main component of the Subsidiary's property, plant and equipment is the power plant.

The recoverable amounts of the power plant cannot be determined as this asset does not generate cash inflows that are largely independent of those from other assets. Thus, recoverable amount has been determined for the CGU to which this asset belongs. Therefore, the Subsidiary has been identified as the CGU, and the recoverable amount of the CGU has been estimated at MUR'M 754.4.

In arriving at the value in use, cash flows have been estimated and discounted using a discount rate of 13.2% (2020 - 9.64%), giving consideration to the specific amount and timing of future cash flows as well as the risks specific to the operations. The risk-free rate increased from 3.17% in 2020 to 4.96% in 2021 and the average cost of debt remained the same. For the 2021 financial year, the carrying amount of the CGU was MUR'M 1,290.3 and recoverable amount was MUR'M 754.4 resulting in an impairment of MUR'M 535.9 (2020 - Nil) recognised in profit or loss. This was primarily due to revisions to underlying assumptions, with the main contributor being adverse market conditions and the PPA's duration which mainly affected the discount rate.

The value in use calculation took into consideration the following key assumptions:

EBITDA

The budgeted EBITDA was used based on past experience and management's future expectations of business performance. The valuation was performed using cash flows which incorporated expected future coal prices.

Terminal growth rate

A terminal growth rate of 1.65% (2020: 1.65%) was applied. The rate considered steady state of growth rates to extrapolate coal prices beyond the forecast period cash flows.

Discount rate

Discount rates used reflect both time value of money and other specific risks relating to the entity were used. The discount rate was calculated based on comparable companies in the industry.

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

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Cost of sales	**216.1**	208.5
Other expenses	**144.2**	152.6
	360.3	361.1

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

5A. RIGHT-OF-USE ASSETS

	Land	Buildings	Motor vehicles	Total
COST	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2020	11.2	47.0	3.3	61.5
Effect of modification to lease term	-	7.1	-	7.1
Transfer from property, plant and equipment (note 5(a))	-	-	4.0	4.0
At December 31, 2020	11.2	54.1	7.3	72.6
Additions	-	15.8	0.9	16.7
Disposals	(0.8)	(2.9)	(0.6)	(4.3)
Effect of modification to lease term	-	19.1	-	19.1
Exchange differences	-	0.6	-	0.6
At December 31, 2021	**10.4**	**86.7**	**7.6**	**104.7**
ACCUMULATED DEPRECIATION				
At January 1, 2020	0.1	17.8	0.7	18.6
Charge for the year	-	15.0	-	15.0
Transfer from property, plant and equipment (note 5(a))	-	-	1.5	1.5
At December 31, 2020	0.1	32.8	2.2	35.1
Charge for the year	0.2	15.4	1.7	17.3
Disposals	-	(1.7)	(0.4)	(2.1)
At December 31, 2021	**0.3**	**46.5**	**3.5**	**50.3**
CARRYING AMOUNT				
At December 31, 2021	**10.1**	**40.2**	**4.1**	**54.4**
At December 31, 2020	11.1	21.3	5.1	37.5

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Depreciation on right-of-use assets (note 29)	**17.3**	15.0
Interest on lease liabilities (note 21(d))	**2.0**	2.6
	19.3	17.6

5B. LEASE RECEIVABLES

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Year 1	**2.4**	2.3
Year 2	**2.5**	2.4
Year 3	**2.6**	2.5
Year 4	**2.7**	2.6
Year 5	**2.8**	2.7
Onwards	**3,434.6**	3,403.3
Undiscounted lease payments	**3,447.6**	3,415.8
Less: unearned finance income	**(3,398.4)**	(3,368.9)
Present value of lease payments receivable	**49.2**	46.9
Net investment in the lease	**49.2**	46.9
Undiscounted lease payments analysed as:		
Recoverable after 12 months	**3,445.2**	3,413.5
Recoverable within 12 months	**2.4**	2.3
	3,447.6	3,415.8
Net investment in the lease analysed as:		
Recoverable after 12 months	**46.8**	44.6
Recoverable within 12 months	**2.4**	2.3
	49.2	46.9

The Group entered into leasing arrangements as a lessor for plots of land at morcellement Le Hameau.

The term of the lease entered into is 99 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease is denominated in MUR.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

6. INVESTMENT PROPERTIES

THE GROUP	Investment property under development		Land and buildings		Total	
	2021	2020	**2021**	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
COST						
At January 1,	**693.8**	283.5	**1,321.9**	963.6	**2,015.7**	1,247.1
Additions	**262.1**	410.3	**113.3**	307.6	**375.4**	717.9
Disposals	**-**	-	**(63.8)**	(18.4)	**(63.8)**	(18.4)
Transfer (to)/from land & buildings (note 5(a))	**-**	-	**(5.1)**	51.0	**(5.1)**	51.0
Transfer to inventories (note 14)	**-**	-	**(88.6)**	18.1	**(88.6)**	18.1
At December 31,	**955.9**	693.8	**1,277.7**	1,321.9	**2,233.6**	2,015.7
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
At January 1,	**-**	-	**259.9**	221.5	**259.9**	221.5
Charge for the year	**-**	-	**17.1**	8.5	**17.1**	8.5
Transfer from land & buildings (note 5(a))	**-**	-	**-**	29.9	**-**	29.9
Disposals	**-**	-	**(0.1)**	-	**(0.1)**	-
Impairment loss (note 28)	**0.4**	-	**-**	-	**0.4**	-
At December 31,	**0.4**	-	**276.9**	259.9	**277.3**	259.9
CARRYING AMOUNTS						
At December 31,	**955.5**	693.8	**1,000.8**	1,062.0	**1,956.3**	1,755.8

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

December 31,	Level 3	
	2021	2020
	MUR'M	MUR'M
Land and buildings	**3,337.9**	3,393.9

The investment properties are stated at fair value which has been determined by Directors, based on valuations performed in 2019 by accredited independent valuers, namely Noor Dilmahomed & Associates who have the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined on open market value by reference to recent market transactions on arm's length term. The valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. Investment properties that have been valued using the depreciated replacement cost have been classified as Level 3.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

6. INVESTMENT PROPERTIES (CONT'D)

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Rental income	**119.1**	76.3
Direct operating expenses from investment properties that generate rental income	**51.5**	29.3

(c) The investment properties are leased to tenants under operating leases with rentals payable monthly.

Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index rate.

Minimum lease payments receivable on leases of investment properties are as follows:

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Within 1 year	**173.9**	73.1
Between 1 and 2 years	**184.9**	76.5
Between 2 and 3 years	**188.9**	80.1
Between 3 and 4 years	**190.2**	83.9
Between 4 and 5 years	**180.5**	87.9
Later than 5 years	**292.8**	121.3
	1,211.2	522.8

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

(e) Investment property under development include land development and other related costs. There was no transfer from investment property under development to investment property (land & buildings) during the financial year (2020: Nil).

7. INTANGIBLE ASSETS AND GOODWILL

(a) THE GROUP

	Goodwill	Land Conversion Rights	Computer Software	Brands/ Distribution Rights	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST					
At January 1, 2020	22.3	219.0	93.4	58.4	393.1
Additions	-	-	10.2	-	10.2
Exchange difference	-	-	(0.6)	-	(0.6)
At December 31, 2020	22.3	219.0	103.0	58.4	402.7
Additions	-	-	3.4	-	3.4
Assets scrapped	-	-	(0.7)	-	(0.7)
Exchange difference	-	-	0.8	-	0.8
At December 31, 2021	**22.3**	**219.0**	**106.5**	**58.4**	**406.2**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
At January 1, 2020	-	98.3	76.2	-	174.5
Charge for the year	-	-	9.8	-	9.8
Impairment (note 28(ii))	22.3	-	-	-	22.3
At December 31, 2020	22.3	98.3	86.0	-	206.6
Charge for the year	-	-	7.2	-	7.2
Assets scrapped	-	-	(0.7)	-	(0.7)
At December 31, 2021	**22.3**	**98.3**	**92.5**	**-**	**213.1**
CARRYING AMOUNTS					
At December 31, 2021	**-**	**120.7**	**14.0**	**58.4**	**193.1**
At December 31, 2020	-	120.7	17.0	58.4	196.1

Impairment test on goodwill

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

- Leisure: The recoverable amount has been determined based on a discounted cash flow (DCF) approach using a discount rate of 10.13%.
- Brands: The recoverable amount has been determined based on a discounted cash flow (DCF) approach using a discount rate of 15.98%.

The discount rate takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Cash flows beyond the five-year period are extrapolated using a terminal growth of 2%.

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

7. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Impairment test on goodwill (Cont'd)

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Brands segment	**-**	8.4
Property and Leisure segment	**-**	13.9
	-	22.3

As a consequence of the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global Covid-19 pandemic, the Group had impaired its goodwill by MUR'M 22.3 (note 28(iii)) for the year ended December 31, 2020. No impairment on goodwill has been recognised in 2021.

(b) Amortisation

The amortisation of computer software totalling MUR'M 7.2 (2020: MUR'M 9.8) has been charged to other expenses.

8. INVESTMENTS IN SUBSIDIARIES

(a) Reconciliation of movements in investment in subsidiaries is presented below:

	THE COMPANY		
	Level 2	Level 3	Total
2021	MUR'M	MUR'M	MUR'M
At January 1,	**997.6**	**12,418.3**	**13,415.9**
Transfer from associates (note 9(b)(i))	**-**	**25.7**	**25.7**
Transfer to non-current assets held for sale (note 17(i))	**-**	**(8.0)**	**(8.0)**
Increase/(decrease) in fair value	**328.4**	**(114.5)**	**213.9**
At December 31,	**1,326.0**	**12,321.5**	**13,647.5**
2020			
At January 1,	969.9	12,102.4	13,072.3
Increase in fair value	27.7	315.9	343.6
At December 31,	997.6	12,418.3	13,415.9

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	THE COMPANY	
	2021	2020
	MUR'M	MUR'M
Unquoted - Level 2, recurring fair value	**1,326.0**	997.6
Unquoted - Level 3, recurring fair value	**12,321.5**	12,418.3
	13,647.5	13,415.9

Details of subsidiaries are set out in note 36.

The accounting policies relevant for investment in subsidiaries described in the summary of significant accounting policies (note 2.5).

(b) Unquoted Level 2 securities include investments in entities which hold shares in quoted securities.

The fair value of the Level 2 securities is based on the net assets value of the entities. The net asset value is based on the market price of the underlying quoted securities.

(c) Measurement of fair value - Level 3

The discounted cash flows (DCF) method, net asset value and the EBITDA multiple valuation methodologies were used to estimate the fair value of investment in subsidiaries. The DCF valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The EBITDA multiple valuation model considers applying a multiple to the normalised earnings and discounting for risks.

The following tables show the valuation techniques used in measuring Level 3 in the statement of financial position, as well as the significant unobservable inputs used.

2021 Type	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
				%	**MUR'M**
Investment in subsidiaries	**DCF**	**Discount rate**	**2% - 5%**	**1.45%**	**(305.4)**
				(1.45%)	**141.8**
		Growth rate	**0% - 3.7%**	**2.40%**	**174.2**
				(2.40%)	**(198.4)**

2020 Type	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
				%	MUR'M
Investment in subsidiaries	DCF	Discount rate	2% - 6.5%	1.45%	(214.8)
				(1.45%)	262.5
		Growth rate	0% - 2%	2.40%	398.7
				(2.40%)	(147.5)

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

Some subsidiaries have been valued using the net asset value basis amounting to MUR'M 9,823.3 (2020: MUR'M 10,005.0) because either the underlying assets are fair valued (land & buildings (note 5)) or net asset value represents the best estimate of fair value at the measurement date.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

9. INVESTMENTS IN ASSOCIATES

(a) THE GROUP

	2021	2020
	MUR'M	MUR'M
(i) Group's share of net assets	**3,525.1**	2,958.0
Goodwill	**131.9**	131.9
At December 31,	**3,657.0**	3,089.9

Details of associates are set out in note 37.

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

	2021	2020
	MUR'M	MUR'M
At January 1,	**3,089.9**	3,053.8
Transfer to non-current assets classified as held for sale (note 17)	**-**	(24.8)
Additions (note 37(c))	**59.2**	2.6
Transfer from trade and other receivables	**71.7**	2.0
Share of results of associates	**290.5**	249.2
Impairment of associates	**(3.0)**	(181.8)
Dividend received (note 40)	**(78.9)**	(67.1)
Share of other comprehensive income	**205.2**	(100.9)
Movements in translation reserves	**22.4**	156.9
At December 31,	**3,657.0**	3,089.9

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

(b) THE COMPANY

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

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

2020	Level 1	Level 2	Level 3	Total
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**
At January 1,	41.2	62.2	123.3	226.7
Transfer to non-current assets classified as held for sale (note 17)	-	-	(87.4)	(87.4)
Decrease in fair value	(9.9)	(15.0)	(6.2)	(31.1)
At December 31,	31.3	47.2	29.7	108.2

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

9. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) THE COMPANY (CONT'D)

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

	2021	2020
	MUR'M	MUR'M
Quoted - Level 1, recurring fair value	**128.4**	31.3
Unquoted - Level 2, recurring fair value	**95.7**	47.2
Unquoted - Level 3, recurring fair value	**21.5**	29.7
	245.6	108.2

(iii) Unquoted Level 2 securities include investments in entities which hold shares in quoted securities.

The fair value of the Level 2 securities is based on the net assets value of the entities. The net asset value is based on the market price of the underlying quoted securities.

(iv) ***Measurement of fair value - Level 3***

The EBITDA multiple was used to estimate the fair value of investment in associates. The EBITDA multiple valuation model considers applying a multiple to the normalised earnings and discounting for risks.

The following tables show the valuation techniques used in measuring Level 3 in the statement of financial position, as well as the significant unobservable inputs used. An increase/(decrease) in the unobservable inputs would result in a significantly higher/(lower) fair value as shown in the table below:

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

2020 Type	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
				%	MUR'M
Investment in associates	DCF	Discount rate	2%	1.45%	(107.5)
				(1.45%)	135.0
		Growth rate	2%	2.40%	253.2
				(2.40%)	(127.4)
	EBITDA multiple	Multiple	5.4	33.00%	(66.1)
				(33.00%)	66.1
		Discount	15%	7.55%	(7.8)
				(7.55%)	7.8

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

9. INVESTMENTS IN ASSOCIATES (CONT'D)

(v) In 2020, the Group held 35.5% interest in Rehm Grinaker Construction Co Ltd and accounted for the investment as associate.

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	THE GROUP			
	Level 1	Level 2	Level 3	Total
2021	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,	**151.8**	**64.4**	**341.0**	**557.2**
Additions	**-**	**-**	**50.1**	**50.1**
Disposals	**-**	**-**	**(30.0)**	**(30.0)**
Transfer from receivables	**-**	**160.5**	**-**	**160.5**
Change in fair value recognised in OCI	**(40.3)**	**(95.7)**	**58.2**	**(77.8)**
At December 31	**111.5**	**129.2**	**419.3**	**660.0**
2020				
At January 1,	166.2	83.3	252.6	502.1
Additions	22.8	-	69.4	92.2
Change in fair value recognised in OCI	(37.2)	(18.9)	19.0	(37.1)
At December 31	151.8	64.4	341.0	557.2

	THE COMPANY			
	Level 1	Level 2	Level 3	Total
2021	MUR'M	MUR'M	MUR'M	MUR'M
At January 1,	**171.2**	**64.4**	**341.0**	**576.6**
Additions	**10.9**	**-**	**50.1**	**61.0**
Disposals	**-**	**-**	**(30.0)**	**(30.0)**
Transfer from receivables	**-**	**160.5**	**-**	**160.5**
Change in fair value recognised in OCI	**(28.1)**	**(95.7)**	**58.2**	**(65.6)**
At December 31	**154.0**	**129.2**	**419.3**	**702.5**
2020				
At January 1,	181.9	83.3	252.6	517.8
Additions	25.4	-	69.4	94.8
Change in fair value recognised in OCI	(36.1)	(18.9)	19.0	(36.0)
At December 31	171.2	64.4	341.0	576.6

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Quoted - Level 1				
- Harel Mallac & Co Ltd	**84.0**	122.7	**84.0**	122.7
- Swan General Ltd	**-**	-	**42.5**	19.4
- Swan Life Ltd	**27.5**	29.1	**27.5**	29.1
	111.5	151.8	**154.0**	171.2
Unquoted - Level 2	**129.2**	64.4	**129.2**	64.4
Unquoted - Level 3	**419.3**	341.0	**419.3**	341.0
	660.0	557.2	**702.5**	576.6

(iii) Financial assets measured at fair value through other comprehensive income include the Group's and the Company's strategic equity investments not held for trading. The Group and the Company have made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

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

(v) Level 1

The fair value of quoted securities is based on published market prices.

Level 2

Unquoted securities include investments in entities which hold shares in quoted securities. The fair value of the Level 2 securities is based on the net assets value of the entities. The net asset value is based on the market price of the underlying quoted securities.

Level 3

The significant unobservable inputs used in measuring the fair value of Level 3 securities are as follows:

Description	Fair values at December 31, 2021	2020	Valuation technique	Unobservable inputs
	MUR'M	MUR'M		
Investment in Inside Equity Fund (IEF)	**419.3**	341.0	IEF was set up as an investment fund with investments in unquoted equity securities classified under the level 3 fair value hierarchy. The value of the fund is determined by the underlying fair value of its investment. The investment in the fund is reflected by its net asset value (NAV). NAV has therefore been used as valuation technique.	The NAV of IEF is primarily based on the valuation of its underlying investments which are fair valued using appropriate valuation techniques. Increases/ (decreases) in unobservable inputs would not have a significant impact on the fair values.

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

Sensitivity analysis

The following table indicates the approximate change in the Group's and Company's equity in response to reasonably possible changes in net asset value of investment.

	Impact on equity	
	2021	2020
	MUR'M	MUR'M
5% increase in Net Asset Value (2020: 5%)	**21.0**	17.1

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
MUR	**240.7**	216.2	**283.2**	235.6
USD	**419.3**	341.0	**419.3**	341.0
	660.0	557.2	**702.5**	576.6

(vii) One of the Group and the Company's strategic investments is a 36.01% (2020: 38.4%) interest in Inside Equity Fund (the "Fund"). This investment is not accounted for using the equity method (as an associate) as the Group and the Company do not have the power to participate in the Fund's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level and a contractual arrangement which enables the board to take all operational and strategic decisions without consultation with shareholders of the Fund.

(viii) Dividends received on investments held at year end amounted to MUR'M 2.2 (2020: MUR'M 2.6) for the Group and the Company.

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

11. FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP			
	2021		2020	
	MUR'M	MUR'M	MUR'M	MUR'M
	Current	Non-current	Current	Non-current
Receivable from related parties (note 40)	8.2	3.9	14.9	10.2
Other receivables	10.1	3.8	41.7	4.9
	18.3	7.7	56.6	15.1
Less: impairment on financial assets at amortised cost (note 28)	(1.0)	-	-	(9.2)
	17.3	7.7	56.6	5.9

	THE COMPANY			
	2021		2020	
	MUR'M	MUR'M	MUR'M	MUR'M
	Current	Non-current	Current	Non-current
Loans to related parties (note 40)	-	-	-	10.2
Other receivables	1.0	-	-	-
Less: impairment on financial assets at amortised cost (note 28)	(1.0)	-	-	(9.2)
	-	-	-	1.0

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

(a) Impairment and risk exposure

An impairment loss of MUR'M 1.0 (2020: MUR'M: 9.2) on loans to related parties was recognised during the year for the Group and the Company.

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

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

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

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

(e) A reversal of impairment of MUR'M 9.2 have been recognised during the year for the Group as disclosed in note 28A.

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(Year ended December 31, 2021)

12. FINANCIAL INSTRUMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

THE GROUP

		Carrying amount				Fair value			
December 31, 2021	Notes	FVOCI - equity instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value									
Equity securities	10	660.0	-	-	660.0	115.0	129.2	419.3	660.0
Financial assets not measured at fair value									
Lease receivables	5B	-	49.2	-	49.2				
Trade and other receivables (note 3.1(a)(i))		-	1,479.5	-	1,479.5				
Financial assets at amortised cost	11	-	25.0	-	25.0				
Cash in hand and at bank	34(b)	-	505.8	-	505.8				
		-	2,059.5	-	2,059.5				
Financial liabilities not measured at fair value									
Lease liabilities	21	-	-	49.4	49.4				
Borrowings	20	-	-	4,136.2	4,136.2				
Trade and other payables (note 3.1(a)(i))		-	-	1,483.4	1,483.4				
		-	-	5,669.0	5,669.0				

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12. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classification and fair values (Cont'd)

THE GROUP (CONT'D)

December 31, 2020	Notes	Carrying amount: FVOCI - equity instruments	Carrying amount: Financial assets at amortised cost	Carrying amount: Financial liabilities at amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value									
Equity securities	10	557.2	-	-	557.2	151.8	64.4	341.0	557.2
Financial assets not measured at fair value									
Lease receivables	5B	-	46.9	-	46.9				
Trade and other receivables (note 3.1(a)(i))		-	999.6	-	999.6				
Financial assets at amortised cost	11	-	62.5	-	62.5				
Cash in hand and at bank	34(b)	-	437.3	-	437.3				
		-	1,546.3	-	1,546.3				
Financial liabilities not measured at fair value									
Lease liabilities	21	-	-	33.4	33.4				
Borrowings	20	-	-	3,903.2	3,903.2				
Trade and other payables (note 3.1(a)(i))		-	-	972.7	972.7				
		-	-	4,909.3	4,909.3				

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

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

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(Year ended December 31, 2021)

12. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classification and fair values (Cont'd)

THE COMPANY

December 31, 2021	Notes	Carrying amount: FVOCI - equity instruments	Carrying amount: Financial assets at amortised cost	Carrying amount: Financial liabilities at amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value									
Investment in subsidiaries	8	**13,647.5**	**-**	**-**	**13,647.5**	**-**	**1,326.0**	**12,321.5**	**13,647.5**
Investment in associates	9	**245.6**	**-**	**-**	**245.6**	**128.4**	**95.7**	**21.5**	**245.6**
Equity securities	10	**702.5**	**-**	**-**	**702.5**	**154.0**	**129.2**	**419.3**	**702.5**
		14,595.6	**-**	**-**	**14,595.6**	**282.4**	**1,550.9**	**12,762.3**	**14,595.6**
Financial assets not measured at fair value									
Trade and other receivables (note 3.1(a)(i))		**-**	**2.3**	**-**	**2.3**				
Cash in hand and at bank	34(b)	**-**	**35.2**	**-**	**35.2**				
		-	**37.5**	**-**	**37.5**				
Financial liabilities not measured at fair value									
Borrowings	20	**-**	**-**	**1,087.6**	**1,087.6**				
Trade and other payables (note 3.1(a)(i))		**-**	**-**	**11.1**	**11.1**				
		-	**-**	**1,098.7**	**1,098.7**				

12. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classification and fair values (Cont'd)

THE COMPANY (CONT'D)

		Carrying amount				Fair value			
December 31, 2020	Notes	FVOCI - equity instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Financial assets measured at fair value									
Investment in subsidiaries	8	13,415.9	-	-	13,415.9	-	997.6	12,418.3	13,415.9
Investment in associates	9	108.2	-	-	108.2	31.3	47.2	29.7	108.2
Equity securities	10	576.6	-	-	576.6	171.2	64.4	341.0	576.6
		14,100.7	-	-	14,100.7	202.5	1,109.2	12,789.0	14,100.7
Financial assets not measured at fair value									
Trade and other receivables (note 3.1(a)(i))		-	45.2	-	45.2				
Financial assets at amortised cost	11	-	1.0	-	1.0				
Cash in hand and at bank	34(b)	-	19.1	-	19.1				
		-	65.3	-	65.3				
Financial liabilities not measured at fair value									
Borrowings	20	-	-	990.3	990.3				
Trade and other payables (note 3.1(a)(i))		-	-	39.3	39.3				
		-	-	1,029.6	1,029.6				

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

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

13. DEFERRED INCOME TAXES ASSETS/LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at the effective tax rate of 17% (2020: 17%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Deferred tax assets	**(216.7)**	(253.2)
Deferred tax liabilities	**242.5**	256.9
	25.8	3.7
Unused tax losses available for offset against future taxable profits	**566.9**	619.9

The tax losses expire on a rolling basis over 5 years as follows:	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Year 1	**37.0**	17.2
Year 2	**208.4**	37.0
Year 3	**251.8**	208.4
Year 4	**46.3**	26.4
Year 5	**23.4**	330.9
	566.9	619.9

Deferred tax assets have not been recognised on tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

(b) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
At January 1,	**3.7**	64.9
Credited to profit or loss (note 25(b))	**(11.7)**	(27.1)
Charged/(credited) to other comprehensive income	**33.8**	(34.1)
At December 31,	**25.8**	3.7

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Fair value reserves in shareholders' equity:		
- Retirement benefit obligation (note 13(d))	**33.8**	(34.1)
	33.8	(34.1)

13. DEFERRED INCOME TAXES ASSETS/LIABILITIES (CONT'D)

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

THE GROUP	At January 1, 2020	Profit or Loss	Movement in Equity	**At December 31, 2020**	Profit or Loss	Movement in Equity	**At December 31, 2021**
	MUR'M	MUR'M	MUR'M	**MUR'M**	MUR'M	MUR'M	**MUR'M**
Deferred income tax liabilities							
Accelerated tax depreciation	213.2	(7.8)	-	**205.4**	(10.0)	-	**195.4**
Asset revaluations	55.9	(4.4)	-	**51.5**	(4.4)	-	**47.1**
	269.1	(12.2)	-	**256.9**	(14.4)	-	**242.5**
Deferred income tax assets							
Accelerated tax depreciation	(98.9)	(15.7)	-	**(114.6)**	0.8	-	**(113.8)**
Tax losses carried forward	(0.2)	-	-	**(0.2)**	(1.1)	-	**(1.3)**
Right-of-use assets	(1.1)	0.3	-	**(0.8)**	1.0	-	**0.2**
Retirement benefit obligations	(102.4)	1.2	(34.1)	**(135.3)**	2.2	33.8	**(99.3)**
Provisions	(1.6)	(0.7)	-	**(2.3)**	(0.2)	-	**(2.5)**
	(204.2)	(14.9)	(34.1)	**(253.2)**	2.7	33.8	**(216.7)**
Net deferred income tax liabilities	64.9	(27.1)	(34.1)	**3.7**	(11.7)	33.8	**25.8**

14. INVENTORIES

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
(a) Raw materials	**289.7**	296.4
Work-in-progress	**186.6**	123.1
Inventory property	**35.7**	35.3
Finished goods	**525.3**	525.3
Spare parts and consumables	**268.7**	260.7
Less: Provision for obsolescence	**(17.3)**	(9.5)
	1,288.7	1,231.3

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Cost of inventories consumed in respect of other inventories	**3,005.7**	2,482.7
Cost of inventories consumed in respect of sales of completed inventory property	**10.0**	-
	3,015.7	2,482.7

15. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP	
	Sugar cane	
	2021	2020
	MUR'M	MUR'M
At January 1,	**172.6**	137.2
Other movement	**-**	2.9
Net changes in fair value less estimated costs to sell	**20.7**	32.5
At December 31,	**193.3**	172.6

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

At December 31, 2021, sugar canes comprised of approximately 4,986 hectares of sugar cane plantations (2020: 4,855 hectares). The Group manages sugar cane plantations on land that the Group owns and this land has been classified under "Property, plant and equipment" (note 5).

During the year, the Group harvested approximately 305,335 tonnes of canes (2020: 302,291 tonnes), which based on a selling price of Raw Sugar at MUR 16,765/ton (2020: MUR 14,000) had a fair value less costs to sell of MUR'M 193.3 (2020: MUR'M 172.6) at the date of harvest.

15. CONSUMABLE BIOLOGICAL ASSETS (CONT'D)

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

THE GROUP Sugar cane	Key unobservable inputs	Range of unobservable inputs	Sensitivity of the input to fair value	
			%	MUR'M
2021	Cane maturity	**20.0%**	**10.0%**	0.30
	Price of sugar	**15,000**	**10.0%**	38.90
	Extraction rate	**10.0%**	**0.5%**	21.30
	Estimated cane production in metric tonnes	**340,000**	**5.0%**	**33.61**
2020	Cane maturity	20.0%	10.0%	0.33
	Price of sugar	13,000	11.0%	40.22
	Extraction rate	10.5%	0.5%	20.43
	Estimated cane production in metric tonnes	369,000	5.0%	13.98

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

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Trade receivables	**938.0**	690.2	**-**	-
Less: allowance for impairment (note 16(i))	**(130.4)**	(122.8)	**-**	-
Trade receivables - net	**807.6**	567.4	**-**	-
Dividend receivable	**2.3**	0.1	**0.9**	0.7
Deposit receivable	**22.5**	-	**-**	-
Accrued income	**20.4**	-	**-**	-
Advance payments	**86.5**	7.2	**-**	-
Short-term loans	**1.1**	0.7	**-**	-
Receivable from related parties (note 40)	**-**	4.8	**41.2**	40.8
Deposit on investments	**83.9**	233.2	**1.0**	233.2
Prepayments	**82.9**	20.6	-	-
Sugar proceeds receivable	**519.4**	367.4	**-**	-
VAT and taxes	**90.3**	79.0	**-**	-
Other receivables	**42.2**	52.0	**1.4**	3.7
	1,759.1	1,332.4	**44.5**	278.4

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

16. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group and the Company made an assessment of impairment of 'other receivables' under the Expected Credit Losses (ECL) model and determined that the impairment is immaterial.

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
MUR	**1,341.2**	1,115.3	**44.5**	278.4
USD	**23.0**	28.3	**-**	-
EUR	**171.0**	145.1	**-**	-
SCR	**85.6**	42.5	**-**	-
Other currencies	**138.3**	1.2	**-**	-
	1,759.1	1,332.4	**44.5**	278.4

(i) ***Impairment of trade and other receivables***

Trade receivables

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31, 2021 and 2020 was determined as follows for trade receivables:

THE GROUP At December 31, 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Expected loss rate	**6.7%**	**4.3%**	**11.5%**	**82.6%**	
Gross carrying amount - trade receivable	**776.5**	**55.3**	**16.5**	**89.7**	**938.0**
Loss allowance	**(52.0)**	**(2.4)**	**(1.9)**	**(74.1)**	**(130.4)**
At December 31, 2020					
Expected loss rate	5.4%	6.7%	7.5%	58.2%	
Gross carrying amount - trade receivable	470.4	34.4	25.3	160.1	690.2
Loss allowance	(25.5)	(2.3)	(1.8)	(93.2)	(122.8)

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade and other receivables (Cont'd)

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
At January 1,	**122.8**	58.9
Loss allowance recognised in profit or loss during the year (note 28)	**58.5**	55.0
Exchange difference	**1.0**	11.2
Receivables written off during the year as uncollectible	**(0.7)**	(2.3)
Unused amount reversed	**(51.2)**	-
At December 31,	**130.4**	122.8

(ii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above except for prepayments. The Group and the Company do not hold any collateral as security.

(iii) The Group and the Company consider a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

(iv) Write-off

The gross carrying amount of a financial asset is written off when the Group and the Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group and the Company individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and the Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

(v) Other receivables

The Group and the Company used the simplified impairment approach to calculate its ECL. Management have used inferred proxies for the probability of default (PD) based on relevant jurisdictional sovereign Moody's ratings. A loss given default (LGD) proxy of 45% was used for counterparties based in Mauritius which is representative of the corporate client's exposure. For receivables who settled their balances after the year end, management used the sovereign PD and a lower LGD of 10%. For both years, the loss allowance on other receivables was deemed to be insignificant and have not been provided in profit or loss.

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**291.5**	580.7	**331.3**	580.7
Reclassified from investment in associates (note 9)	**-**	24.8	**-**	87.4
Reclassified from investments in subsidiaries (note 8(a))	**-**	-	**8.0**	-
Additions (note 35(b))	**755.1**	-	**-**	-
Fair value gain/(loss) (note 17(ii))	**77.0**	(314.0)	**77.0**	(336.8)
Disposals	**(24.9)**	-	**(64.6)**	-
At December 31,	**1,098.7**	291.5	**351.7**	331.3

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
At January 1,	**-**	-
Liabilities acquired (note 35(b))	**781.7**	-
At December 31,	**781.7**	-

At December 31, 2021, the investment in United Investments Ltd and Rehm Grinaker Construction Co Ltd were classified as held for sale following the decision of the Board to dispose of them in the forthcoming year.

Efforts to sell the investment in associates have started and a sale is expected to conclude within the next 12 months.

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

(iii) The fair value gain/(loss) is recognised through other comprehensive income at Company level and through profit or loss at Group level. The fair value gain/(loss) has been recorded to the extent that it is does not exceed the previous cumulative impairment losses that were previously recognised in accordance with IAS 36.

18. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2021 & 2020	
	No.of shares	**MUR'M**
Issued and fully paid	**Million**	
Ordinary shares		
At December 31,	**227.5**	**11,976.0**

The total issued number of ordinary shares of TERRA Mauricia Ltd is 227,545,624 shares of no-par value (2020: 227,545,624 shares). All issued shares are fully paid.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

19. REVALUATION AND OTHER RESERVES

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

19. REVALUATION AND OTHER RESERVES (CONT'D)

		Attributable to owners of the Company						
THE GROUP	Notes	Associates Reserves	Revaluation Reserves	Amalgamation Reserves	Actuarial Losses	Translation Reserve	Financial Assets at FVOCI Reserve	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2020		(20.1)	2,153.9	(43.3)	(265.1)	64.4	(409.1)	1,480.7
Remeasurements of post-employment benefit obligations		-	-	-	(212.8)	-	-	(212.8)
Deferred tax on remeasurements of post-employment benefit obligations		-	-	-	32.5	-	-	32.5
Release on disposal of land		-	(15.0)	-	-	-	-	(15.0)
Changes in fair value of equity instruments at fair value through other comprehensive income	10	-	-	-	-	-	(37.1)	(37.1)
Other movements		-	7.7	-	-	-	-	7.7
Movements in translation reserve		156.9	-	-	-	(4.2)	-	152.7
Share of other comprehensive income of associates	9	(105.4)	4.5	-	-	-	-	(100.9)
At December 31, 2020		31.4	2,151.1	(43.3)	(445.4)	60.2	(446.2)	1,307.8

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

19. REVALUATION AND OTHER RESERVES (CONT'D)

Associates reserves

Associates reserves comprise the cumulative change in other comprehensive income of associates.

Financial assets at fair value through OCI reserve

Financial assets at fair value through OCI reserve comprises the cumulative net change in financial assets through OCI that has been recognised in other comprehensive income until the investments are derecognised.

Translation reserve

The translation reserve consists of the foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation surplus relates to the revaluation of land and buildings.

Actuarial losses

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligation recognised.

Amalgamation reserve

This arose upon the amalgamation of TERRA Mauricia Ltd with HF Investments Ltd.

THE COMPANY

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

20. BORROWINGS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Non-current				
Bank loans (note 20(a))	**618.6**	544.6	**-**	-
Loans from related parties (note 40, 20(a))	**2,479.0**	2,100.0	**851.6**	851.6
Total non-current	**3,097.6**	2,644.6	**851.6**	851.6
Current				
Bank overdrafts (note 34(b))	**33.4**	4.4	**-**	-
Bank loans (note 20(a))	**70.0**	346.7	**-**	-
Loans from related parties (note 40, 20(a))	**-**	1.3	**236.0**	138.7
Money market lines (note 20(a))	**935.2**	906.2	**-**	-
	1,005.2	1,254.2	**236.0**	138.7
Total current	**1,038.6**	1,258.6	**236.0**	138.7
Total borrowings	**4,136.2**	3,903.2	**1,087.6**	990.3

20. BORROWINGS (CONT'D)

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		MUR'M	MUR'M	**MUR'M**	MUR'M
(a)	Breakdown of loans:				
	- Loans from related parties	**2,479.0**	2,101.3	**1,087.6**	990.3
	- Bank loans	**688.6**	891.3	**-**	-
	- Money market lines	**935.2**	906.2	**-**	-
		4,102.8	3,898.8	**1,087.6**	990.3
	Less: Repayable within one year	**(1,005.2)**	(1,254.2)	**(236.0)**	(138.7)
	Repayable after one year	**3,097.6**	2,644.6	**851.6**	851.6

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
- after one year and before two years	**48.6**	52.1
- after two years and before five years	**70.0**	92.5
- above five years	**2,979.0**	2,500.0
	3,097.6	2,644.6

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

Non-current borrowings can be analysed as follows:

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
- After one year and before two years		
Bank borrowings	**48.6**	52.1
- After two years and before five years		
Bank borrowings	**70.0**	92.5
- After five years		
Bank borrowings	**500.0**	400.0
Loans from related parties	**2,479.0**	2,100.0
	2,979.0	2,500.0
Total	**3,097.6**	2,644.6

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

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

20. BORROWINGS (CONT'D)

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

	THE GROUP			
2020	**MUR'M**	**EUR'M**	**SCR'M**	**Total**
Bank overdraft	4.4	-	-	4.4
Bank loans	678.3	198.2	14.8	891.3
Loans from related parties	2,101.3	-	-	2,101.3
Money market lines	906.2	-	-	906.2
	3,690.2	198.2	14.8	3,903.2

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

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
	Floating interest rate		**Floating interest rate**	
	% p.a.	% p.a.	**% p.a.**	% p.a.
Loans from related parties	**3.50**	3.50	**1.50 - 2.95**	1.05 - 4.17
Bank loans	**3.58 - 4.10**	Euribor 3 months + 2.8	**n/a**	n/a
Money market lines	**2.5 - 3.1**	1.0 - 4.0	**n/a**	n/a

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

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

(h) The Group has bank loans with a total carrying amount of MUR'M 1,623.8 at December 31, 2021 (2020: MUR'M 1,797.5). These loans contained the following covenants:

- Debt to equity ratio not exceeding 0.5:1
- At any one point in time, utilisation under working capital facilities by the borrower availed from financing institutions shall not exceed MUR'M 4,500
- Minimum interest cover of 2:1 to be maintained at all times.

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

Notes to the Consolidated and Separate Financial Statements (Cont'd)
(Year ended December 31, 2021)

21. LEASE LIABILITIES

	Land	Buildings	Motor vehicles	Total
THE GROUP	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
At January 1, 2020	5.6	27.3	7.4	40.3
Effect of modification to lease term	-	7.1	-	7.1
Interest expense	0.4	1.8	0.4	2.6
Lease payments	(0.5)	(15.3)	(0.8)	(16.6)
At December 31, 2020	5.5	20.9	7.0	33.4
Additions	-	15.8	0.9	16.7
Effect of modification to lease term	(0.9)	17.9	(0.4)	16.6
Interest expense	0.4	1.1	0.5	2.0
Lease payments	(0.5)	(16.9)	(1.9)	(19.3)
At December 31, 2021	**4.5**	**38.8**	**6.1**	**49.4**

	2021	2020
	MUR'M	MUR'M
Current	**36.5**	3.9
Non-current	**12.9**	29.5
	49.4	33.4

(a) Nature of leasing activities (in the capacity as lessee)

The Group leases two plots of land from Government of Mauritius:

(1) a portion of land and part of a Bassin in the district of Pamplemousses and

(2) another portion of land in the district of Rivière du Rempart.

The Group also leases a number of commercial properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates.

The Group also leases 5 motor vehicles for use in its operations.

(b) Lease payments

(i) Variable lease payments

The lease payments for the plot of land and portion of Bassin in Pamplemousses is a fixed yearly amount while the other plot of land in Rivière du Rempart is against consideration of a premium and annual rental which is adjusted every 3 years by reference to cumulative inflation based on Consumer Price Index (CPI) during the three-year period which shall not exceed 15.8% in any case.

(ii) Fixed lease payments

The lease payments for motor vehicles are fixed yearly amounts.

(c) Lease terms

The portion of land and part of Bassin in the district of Pamplemousses is for a period of 99 years as from August 7, 1963.

The portion of land in the district of Rivière du Rempart is for a period of 60 years as from January 28, 2009.

21. LEASE LIABILITIES (CONT'D)

(c) Lease terms (Cont'd)

The commercial properties are for a period of between 1 and 4 years.

The motor vehicles leases are for a period of 5 years.

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
(d) Interest expense (included in finance cost)	**2.0**	2.6
Total cash outflows	**19.3**	16.6

(e) Lease payments are analysed as follows:

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Principal paid on lease liabilities	**(17.3)**	(14.0)
Interest paid on lease liabilities	**(2.0)**	(2.6)
	(19.3)	(16.6)

22. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Amount recognised in the statement of financial position:		
Defined pension benefits (note 22(a)(ii))	**628.8**	865.1
Amount charged to profit or loss:		
- Defined pension benefits (note 22(a)(v))	**49.7**	65.7
- Defined contribution plan	**21.2**	25.2
	70.9	90.9
Amount (credited)/charged to other comprehensive income:		
- Defined pension benefits (note 22(a)(vi))	**(221.2)**	229.8

(a) Defined pension benefits

(i) Retirement benefit obligations comprise of the Group's pension schemes and of other post-retirement benefits. The pension schemes are defined benefit plans based on final salary and the assets of the plans are invested with the Sugar Insurance Pension Fund (SIPF) and a pension arrangement with an insurance company.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2021. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Present value of funded obligations	**1,190.2**	1,346.0
Fair value of plan assets	**(708.6)**	(651.0)
	481.6	695.0
Present value of unfunded obligations	**147.2**	170.1
Liability in the statement of financial position	**628.8**	865.1

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
At January 1,	**865.1**	641.6
Charged to profit or loss	**49.7**	65.7
(Credited)/charged to other comprehensive income	**(221.2)**	229.8
Employer's contributions	**(64.8)**	(72.0)
At December 31,	**628.8**	865.1

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

	THE GROUP	
	2021	**2020**
	MUR'M	**MUR'M**
At January 1,	**1,516.1**	1,306.5
Current service cost	**31.9**	29.0
Interest cost	**29.3**	57.1
Employee's contribution	**1.1**	1.4
Effect of curtailments/settlements	**-**	3.4
Actuarial (gains)/losses	**(151.5)**	228.6
Benefits paid	**(89.5)**	(109.9)
At December 31,	**1,337.4**	1,516.1
Analysed as follows:		
Present value of funded obligations	**1,190.2**	1,346.0
Present value of unfunded obligations	**147.2**	170.1
	1,337.4	1,516.1

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
At January 1,	**651.0**	664.9
Interest income	**14.2**	28.5
Actuarial gains/(losses)	**69.7**	(1.2)
Employers' contributions	**64.8**	72.0
Employee contributions	**1.1**	1.4
Scheme expenses	**(1.7)**	(3.7)
Benefits paid	**(89.5)**	(109.9)
Cost of insuring risk benefits	**(1.0)**	(1.0)
At December 31,	**708.6**	651.0

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Current service cost	**31.9**	29.0
Scheme expense	**1.7**	3.7
Cost of insuring risk benefits	**1.0**	1.0
Net interest expense	**15.1**	28.6
Effects of curtailments/settlements	**-**	3.4
Total included in employee benefit expense	**49.7**	65.7

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

	THE GROUP	
	2021	2020
Remeasurement on the net defined benefit liability:	**MUR'M**	MUR'M
(Gains)/losses on pension scheme assets	**(69.7)**	1.2
Experience losses/(gains) on the liabilities	**0.7**	(21.1)
Changes in assumption underlying the present value of the scheme	**(152.2)**	249.7
Actuarial losses recognised in OCI	**(221.2)**	229.8

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Local equities	**108.6**	91.6
Overseas equities	**159.3**	116.3
Fixed interest	**227.9**	239.7
Properties	**74.8**	75.6
Qualifying insurance policies	**138.0**	127.8
Total market value of assets	**708.6**	651.0

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

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

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets.

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

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

	THE GROUP	
	2021	2020
Discount rate	**3.6%-5%**	1.8%-5.1%
Future salary growth rate	**0.5%-1%**	0.5%-1%
Future pension growth rate	**0.0%**	0.0%

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

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Discount rate (1% increase)	**141.3**	184.9
Future salary growth (1% increase)	**39.6**	52.3

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

(x) The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated.

(xi) Risks Associated with the Pension promise/obligation. The Pension promise exposes the Group to actuarial risks such as longevity risk, interest rate risk, and salary risk.

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

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

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

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(xii) The funding requirement are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
(xiii) The Group is expected to contribute MUR'M 26.8 to the pension scheme for the year ending December 31, 2022.
(xiv) The actual return of the total assets for the year 2021 is MUR'M 81.3 (2020: MUR'M 25.6).
(xv) The weighted average duration of the defined benefit obligation is 9.4 years (2020: 9.3 years) at the end of the reporting period.

(b) Defined contribution plan

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

(c) Movement in net defined benefit liability

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2021	2020	**2021**	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Balance at January 1,	**1,516.1**	1,306.5	**(651.0)**	(664.9)	**865.1**	641.6
Included in profit or loss						
Current service cost	**31.9**	29.0	**-**	-	**31.9**	29.0
Employees contribution	**1.1**	1.4	**(1.1)**	(1.4)	**-**	-
Scheme expenses	**-**	-	**1.7**	3.7	**1.7**	3.7
Cost of insuring risk benefit	**-**	-	**1.0**	1.0	**1.0**	1.0
Interest cost/(income)	**29.3**	57.1	**(14.2)**	(28.5)	**15.1**	28.6
Effects of curtailments/settlements	**-**	3.4	**-**	-	**-**	3.4
	62.3	90.9	**(12.6)**	(25.2)	**49.7**	65.7
Included in OCI						
Remeasurement loss/(gain):						
Arising from actuarial loss/(gain)	**(151.5)**	228.6	**(69.7)**	1.2	**(221.2)**	229.8
	(151.5)	228.6	**(69.7)**	1.2	**(221.2)**	229.8
Others						
Contribution paid by the employer	**-**	-	**(64.8)**	(72.0)	**(64.8)**	(72.0)
Benefits paid	**(89.5)**	(109.9)	**89.5**	109.9	**-**	-
	(89.5)	(109.9)	**24.7**	37.9	**(64.8)**	(72.0)
Balance as at December 31,	**1,337.4**	1,516.1	**(708.6)**	(651.0)	**628.8**	865.1

Notes to the Consolidated and Separate Financial Statements (Cont'd)
(Year ended December 31, 2021)

23. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Trade payables	**712.8**	523.6	**-**	0.2
Amounts due to related parties (note 40)	**22.1**	13.4	**1.1**	26.6
Retention moneys	**11.1**	30.3	**-**	-
Sugar Insurance Premium	**39.1**	18.7	**-**	-
Accruals	**258.9**	308.0	**-**	1.5
Deposits	**37.3**	51.9	**0.9**	9.3
VAT and taxes	**44.6**	-	**-**	-
Others	**92.9**	78.7	**10.0**	11.0
	1,218.8	1,024.6	**12.0**	48.6

24. PROVISIONS

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
At January 1,	**25.0**	26.0
Movements during the year	**(0.2)**	(1.0)
At December 31,	**24.8**	25.0

Centralisation in accordance with restructuration

Provisions for compensation payments in respect of restructuration were recognised after a formal plan was established and when the obligation was incurred. Estimates are regularly reviewed and adjusted as appropriate for new circumstances. The provision is expected to be settled in the next financial year. Movements relate solely to when expenditure is incurred.

25. TAXATION

(a) Liabilities/(assets) in the statements of financial position

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**26.0**	37.3	**0.5**	(0.4)
(Over)/under provision in previous years	**(2.4)**	3.4	**(0.5)**	0.8
Tax recovered	**-**	0.2	**-**	-
	23.6	40.9	**-**	0.4
Current tax on the adjusted profits for the year at 3%/15%/25%/30% (2020: 3%/15%/25%/30%)	**64.5**	46.0	**0.2**	0.5
Tax paid	**(51.2)**	(60.1)	**-**	(0.4)
Translation difference	**2.8**	(0.8)	**-**	-
At December 31,	**39.7**	26.0	**0.2**	0.5
Analysed as follows:				
Current tax assets	**(3.2)**	-	**-**	-
Current tax liabilities	**42.9**	26.0	**0.2**	0.5
	39.7	26.0	**0.2**	0.5

25. TAXATION (CONT'D)

(b) Charged/(credited) in profit or loss

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Current tax on the adjusted profits for the year at 3%/15%/25%/30% (2020: 3%/15%/25%/30%)	**64.5**	46.0	**0.2**	0.5
(Over)/under provision in previous years	**(2.4)**	3.4	**(0.5)**	0.8
Deferred taxation (note 13(b))	**(11.7)**	(27.1)	**-**	-
Charged/(credited) for the year	**50.4**	22.3	**(0.3)**	1.3

(c) The tax on the profit/(loss) before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Profit/(loss) before taxation	**367.1**	(188.1)	**160.1**	132.8
Effective tax calculated at a rate of 17% (2020: 17%)	**62.4**	(32.0)	**27.2**	22.6
Income not subject to tax	**(132.4)**	(25.0)	**(31.6)**	(19.4)
Expenses not deductible for tax purposes	**122.8**	75.9	**4.6**	(2.7)
(Over)/under provision in previous years	**(2.4)**	3.4	**(0.5)**	0.8
Charged/(credited) for the year	**50.4**	22.3	**(0.3)**	1.3

(d) The current tax rate differs as per the Group's activities and jurisdictions it operates in.

(e) Expenses not deductible for tax purposes comprise mostly of depreciation of property, plant and equipment, amortisation of intangible asset and loss on foreign exchange. Income not subject to tax mainly includes dividends received and interest income.

26. REVENUE

(a) The Group is organised into the following main business segments:

- Cane, which includes sugar cane growing and milling activities.
- Power, which includes the production and sale of electricity processed from coal and bagasse.
- Brands, which includes the manufacturing, bottling and retailing of alcohol products and sale of consumable goods.
- Property and Leisure, which includes the rental of properties, property development and leisure services.
- Others, which include contract revenue in respect of construction, manufacture and sale of building materials, none of which constitute a separately reportable segment.

26. REVENUE (CONT'D)

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

2020	THE GROUP						THE COMPANY
	Cane	**Power**	**Brands**	**Property and Leisure**	**Others**	**Total**	**Total**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Recognised at a point in time:							
Sale of goods	1,041.6	-	2,109.6	-	183.7	3,334.9	-
Sale of services	45.0	-	-	112.9	-	157.9	-
Sale of properties	-	-	-	128.2	-	128.2	-
Dividend income	-	-	-	-	-	-	185.9
Recognised over time:							
Sale of electricity	-	1,131.2	-	-	-	1,131.2	-
Total revenue from contracts with customers	1,086.6	1,131.2	2,109.6	241.1	183.7	4,752.2	185.9

26. REVENUE (CONT'D)

(b) Geographical segments

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

	Total assets		Capital expenditure	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Mauritius	**21,458.3**	19,970.1	**645.0**	969.7
Côte d'Ivoire	**663.4**	708.2	**-**	-
Seychelles	**161.6**	98.2	**0.8**	1.3
	22,283.3	20,776.5	**645.8**	971.0

Sales analysis:	At a point in time		Over time		Total sales	
	2021	2020	**2021**	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Mauritius	**3,802.0**	3,351.7	**2,112.2**	1,131.2	**5,914.2**	4,482.9
Côte d'Ivoire	**49.0**	45.0	**-**	-	**49.0**	45.0
Seychelles	**260.6**	224.3	**-**	-	**260.6**	224.3
	4,111.6	3,621.0	**2,112.2**	1,131.2	**6,223.8**	4,752.2

Sales revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

(c) Liabilities related to contracts with customers

	THE GROUP	
	Contract liabilities	
	2021	2020
	MUR'M	MUR'M
At January 1,	**73.4**	69.7
Transfer from trade and other payables	**22.5**	24.1
Cash received in advance	**426.6**	126.0
Amount released during the year	**(363.8)**	(146.4)
At December 31,	**158.7**	73.4

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

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

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Arising from land development	**73.4**	69.7

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27. OTHER INCOME

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Profit on disposal of property, plant and equipment	**144.9**	78.3	**-**	-
SIFB compensation	**0.5**	-	**-**	-
Insurance refund	**5.6**	-	**-**	-
Management fees	**14.5**	11.8	**-**	-
Sale of paillis and boulders	**9.9**	7.5	**-**	-
Transport and mechanical services	**28.5**	20.2	**-**	-
Gain on disposal of subsidiary	**-**	0.3	**-**	-
Refund from MSS	**8.8**	8.9	**-**	-
Others	**30.6**	25.9	**4.7**	6.9
	243.3	152.9	**4.7**	6.9

28. IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

		THE GROUP		THE COMPANY	
	Notes	**2021**	2020	**2021**	2020
		MUR'M	MUR'M	**MUR'M**	MUR'M
Financial assets					
Allowance for expected credit losses:					
Trade and other receivables (note 16)	(i)	**58.5**	55.0	**-**	-
Financial assets at amortised cost (note 11)		**1.0**	9.2	**1.0**	9.2
		59.5	64.2	**1.0**	9.2
Non-financial assets					
Property, plant and equipment	(ii)	**535.9**	-	**-**	-
Investment properties (note 6)		**0.4**	-	**-**	-
Goodwill (note 7(a))	(iii)	**-**	22.3	**-**	-
		536.3	22.3	**-**	-

(i) The subsidiaries of TERRA Mauricia Ltd carried out an impairment assessment of their trade receivables which resulted in an impairment of MUR'M 58.5 (2020: MUR'M 55.0).

(ii) Terragen Ltd, a subsidiary of TERRA Mauricia Ltd, carried out an impairment test by assessing the recoverable amount of its plant and related equipment which resulted in an impairment of MUR'M 535.9 (2020: Nil). Refer to note 5(c).

(iii) TERRA Mauricia Ltd carried out an impairment assessment of its intangible assets which resulted in no impairment (2020: MUR'M 22.3). Refer to note 7(a).

28A. REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Reversal of impairment on:	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Trade and other receivables (note 16(i))	**(51.2)**	-	**-**	-
Financial assets at amortised cost (note 11(e))	**(9.2)**	-	**(9.2)**	-
	(60.4)	-	**(9.2)**	-

29. PROFIT/(LOSS) BEFORE FINANCE COSTS

	THE GROUP	
	2021	2020
The profit/(loss) before finance costs is arrived at after:	**MUR'M**	MUR'M
Crediting:		
Rental of land and buildings	**119.1**	76.3
Profit on sale of property, plant and equipment	**144.9**	78.3
and charging:		
Depreciation on property, plant and equipment	**360.3**	361.1
Depreciation on right-of-use asset	**17.3**	15.0
Depreciation on investment properties	**17.1**	8.5
Amortisation of intangible assets	**7.2**	9.8
Employee benefit expense	**1,060.6**	965.4

30. EXPENSE BY NATURE

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Depreciation and amortisation	**401.9**	394.4	**-**	-
Raw materials and consumables used	**3,005.7**	2,482.7	**-**	-
Employee benefit expense	**1,060.6**	965.4	**-**	-
Contract expenses	**334.5**	-	**-**	-
Repairs and maintenance	**338.0**	168.9	**-**	-
Other expenses	**724.6**	619.5	**29.6**	17.7
Total cost of sales, administrative expenses, distribution costs and other expenses	**5,865.3**	4,630.9	**29.6**	17.7

31. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Finance income:				
- Foreign exchange gain	**3.0**	7.5	**3.0**	-
- Interest income on lease	**5.3**	3.7	**-**	-
- Others	**1.7**	0.1	**-**	0.1
	10.0	11.3	**3.0**	0.1
Finance cost:				
- Interest expense on bank overdrafts	**-**	(5.3)	**-**	-
- Interest expense on loans repayable by instalments	**(4.8)**	(15.3)	**-**	-
- Interest expense on loan from related parties (note 40)	**(75.1)**	(16.9)	**(37.1)**	(29.6)
- Interest expense on other loans not repayable by instalments	**(60.1)**	(69.7)	**-**	-
- Interest expense on lease liabilities	**(9.8)**	(5.0)	**-**	-
- Foreign exchange loss	**(8.0)**	(54.8)	**-**	(2.5)
- Others	**(1.4)**	(6.0)	**-**	(1.1)
	(159.2)	(173.0)	**(37.1)**	(33.2)
Total - Net finance costs	**(149.2)**	(161.7)	**(34.1)**	(33.1)

32. EARNINGS/(LOSS) PER SHARE

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Profit/(loss) attributable to owners of the Company	**462.3**	(268.9)
Number of ordinary shares in issue	**227.5**	227.5
Basic and diluted earnings/(loss) per share (MUR)	**2.03**	(1.18)

33. DIVIDENDS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**-**	-	**-**	-
Final ordinary declared - 85 cents per share (2020: 57 cents per share)	**193.4**	129.7	**193.4**	129.7
Dividends paid during the year	**(193.4)**	(129.7)	**(193.4)**	(129.7)
Dividends declared by subsidiaries to non-controlling interests	**26.3**	76.8	**-**	-
Dividends paid to non-controlling interests	**(26.3)**	(76.8)	**-**	-
At December 31,	**-**	-	**-**	-

34. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

At December 31, 2020	THE GROUP		Non-cash changes		
	At January 1, 2020	**Cash flows**	**Acquisition**	**Other movements ***	**At December 31, 2020**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Lease liabilities	40.3	(16.6)	-	9.7	33.4
Borrowings	3,496.9	369.3	-	32.6	3,898.8
Total liabilities from financing activities	3,537.2	352.7	-	42.3	3,932.2

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

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

(a) Reconciliation of liabilities arising from financing activities (Cont'd)

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

At December 31, 2020	THE COMPANY		
	At January 1, 2020	Cash flows	At December 31, 2020
	MUR'M	MUR'M	MUR'M
Borrowings	860.3	130.0	990.3

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cash in hand and at bank	**505.8**	437.3	**35.2**	19.1
Bank overdrafts (note 20)	**(33.4)**	(4.4)	**-**	-
	472.4	432.9	**35.2**	19.1

The cash and cash equivalents are held with banks and financial institution counterparties, which are rated Baa2 to Baa3, based on ratings of Moody's.

The Group considers that its cash in hand and at bank have low credit risk based on the external credit ratings of the counterparties.

No impairment on cash at bank was recognised during both the years 2021 and 2020 since the amount was deemed insignificant.

(c) Non-cash transactions

For the year ended December 31, 2021 there were no material non-cash transactions (2020: Nil).

35. BUSINESS COMBINATION

(a) Acquisition of subsidiary - 2021

(i) Additional investment in Rehm Grinaker Construction Co Ltd

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

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

35. BUSINESS COMBINATION (CONT'D)

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

(ii) Gain on remeasurement of previously held equity interest

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

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

(iii) Consideration transferred

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

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

(iv) Net effect of business combination

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

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

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

(vi) Net cash inflow on acquisition of subsidiary

Consideration paid in cash	18.7
Less: cash and cash equivalent balances acquired	(180.0)
	(161.3)

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

35. BUSINESS COMBINATION (CONT'D)

(b) Non-current assets held for sale

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

At December 31, 2021	**MUR'M**
Non-current assets classified as held for sale	**755.1**
Liabilities directly associated with non-current assets classified as held for sale	**781.7**

	MUR'M
Property, plant and equipment	**167.2**
Contract assets (note 44(i))	**141.2**
Trade and other receivables	**107.4**
Financial assets at amortised cost	**103.3**
Cash and bank balances	**137.4**
Other assets	**98.6**
Total assets classified as held for sale	**755.1**
Trade and other payables	**549.0**
Borrowings	**40.2**
Retirement benefit obligations	**71.8**
Contract liabilities (note 44(ii))	**117.1**
Other liabilities	**3.6**
Total liabilities associated with assets classified as held for sale	**781.7**
Net liabilities of disposal group	**(26.6)**

(c) Changes in ownership of interest in subsidiaries that does not result in a loss of control - 2020

During the year ended December 31, 2020, the Group acquired an additional 5% of the issued shares of Terragen Management Ltd for MUR'M 1.6. As a result, the Group recognised a decrease in non-controlling interests of MUR'M 0.2 and a decrease in equity attributable to owners of the parent of MUR'M 1.4. The effect on the equity attributable to the owners of Terragen Management Ltd during the year is summarised as follows:

	THE GROUP
	2020
Carrying amount of non-controlling interests acquired	**1.4**
Consideration paid to non-controlling interests	**(1.6)**
Excess of consideration paid recognised in the transactions with non-controlling interests within equity	**(0.2)**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

36. SUBSIDIARIES

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

			2021			2020			
	Type of shares held	Stated capital	**% holding**	**% held by other group companies**	**% held by non-controlling interests**	% holding	% held by other group companies	% held by non-controlling interests	Principal activity
		MUR							
Terra Milling Ltd	Ordinary	**56,657,480**	**-**	**80.00**	**20.00**	-	80.00	20.00	Sugar
Terragen Ltd	Ordinary	**520,523,500**	**-**	**51.00**	**49.00**	-	51.00	49.00	Energy
Terra Brands Ltd	Ordinary	**12,000,000**	**100.00**	**-**	**-**	100.00	-	-	Investment
Grays Inc. Ltd	Ordinary	**83,280,000**	**-**	**74.00**	**26.00**	-	74.00	26.00	Commercial
Grays Distilling Ltd	Ordinary	**20,738,000**	**-**	**66.67**	**33.33**	-	66.67	33.33	Manufacturing
Terra Services Ltd	Ordinary	**25,000**	**100.00**	**-**	**-**	100.00	-	-	Services
Ivoirel Limitée	Ordinary	**29,443,274**	**100.00**	**-**	**-**	100.00	-	-	Investment
Sagiterra Ltd	Ordinary	**25,000**	**100.00**	**-**	**-**	100.00	-	-	Property management
Société Proban	Parts d'intérêts	**8,100,000**	**83.34**	**-**	**16.66**	83.34	-	16.66	Investment
Terra Foundation	Ordinary	**10,000**	**100.00**	**-**	**-**	100.00	-	-	Social activities
Fondation Nemours Harel	Parts d'intérêts	**10,000**	**75.00**	**-**	**25.00**	75.00	-	25.00	Cultural activities
Société Evapo	Parts d'intérêts	**16,525,000**	**-**	**66.67**	**33.33**	-	66.67	33.33	Investment holding
Terrarock Ltd	Ordinary	**15,000,000**	**-**	**54.00**	**46.00**	-	54.00	46.00	Manufacturing
Terragri Ltd	Ordinary	**722,455,070**	**100.00**	**-**	**-**	100.00	-	-	Sugar
Terra Finance Ltd	Ordinary	**500,000**	**100.00**	**-**	**-**	100.00	-	-	Treasury
Terravest Holding Ltd	Ordinary	**130,860,000**	**100.00**	**-**	**-**	100.00	-	-	Investment
Sugarworld Limited	Ordinary	**45,238,456**	**95.24**	**-**	**4.76**	95.24	-	4.76	Commercial
Les Chais de L'Isle de France Ltée	Ordinary	**3,000,000**	**-**	**100.00**	**-**	-	100.00	-	Commercial
Terragen Management Ltd	Ordinary	**100,000**	**-**	**66.75**	**33.25**	-	66.75	33.25	Services
Intendance Holding Ltd	Ordinary	**1,647,700**	**100.00**	**-**	**-**	100.00	-	-	Investment
Beau Plan Cellars Ltd	Ordinary	**10,000,000**	**-**	**100.00**	**-**	-	100.00	-	Manufacturing
Beau Plan Office Park Ltd	Ordinary	**15,000,000**	**-**	**100.00**	**-**	-	100.00	-	Commercial
Beau Plan Retail Park Ltd	Ordinary	**407,300,000**	**-**	**100.00**	**-**	-	100.00	-	Commercial
Providence Warehouse Ltd	Ordinary	**10,000**	**-**	**50.00**	**50.00**	-	50.00	50.00	Commercial
Beau Plan Development Ltd	Ordinary	**1,155,000,000**	**-**	**100.00**	**-**	-	100.00	-	Property management
East Indies Company Ltd	Ordinary	**2,500,000**	**-**	**100.00**	**-**	-	100.00	-	Dormant
Mon Rocher School Holding Ltd	Ordinary	**1**	**-**	**100.00**	**-**	-	100.00	-	Dormant
Belle Vue Rum Ltd	Ordinary	**2,000,000**	**-**	**100.00**	**-**	-	100.00	-	Freeport operations
BS Fragrance Company Ltd*	Ordinary	**100,000**	**-**	**74.00**	**26.00**	-	-	-	Sale of perfumes

* During the year, Grays Inc. Ltd acquired 100% of the issued share capital of BS Fragrance Company Ltd.

36. SUBSIDIARIES (CONT'D)

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

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

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

(ii) For December 31, 2021 and 2020, the Group accounts for its investments in Providence Warehouse Ltd as subsidiary although the Group holds 50% of the issued share capital as the Group has control over the investment due to appropriate representation at board level.

(b) Subsidiaries with material non-controlling interests

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

	Profit allocated to Non-controlling interests during the year	Accumulated Non-controlling interests at December 31,
	MUR'M	MUR'M
2021		
Terragen Ltd	**(191.9)**	**731.8**
Terra Milling Ltd	**10.1**	**121.8**
Grays Inc. Ltd	**16.3**	**94.5**
2020		
Terragen Ltd	17.3	661.0
Terra Milling Ltd	0.7	111.7
Grays Inc. Ltd	3.9	78.2

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

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

	2021	2020
	MUR'M	MUR'M
Non-current assets	**701.7**	1,264.3
Current assets	**832.5**	499.5
Non-current liabilities	**(168.6)**	(175.3)
Current liabilities	**(408.1)**	(239.5)
Total equity	**957.5**	1,349.0

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(Year ended December 31, 2021)

36. SUBSIDIARIES (CONT'D)

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

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

	2021	2020
	MUR'M	MUR'M
Revenue	**1,835.1**	1,148.0
Expenses	**(2,196.5)**	(1,101.5)
Other income	**3.8**	1.7
Net finance costs	**(8.6)**	(1.8)
Profit before tax	**(366.2)**	46.4
Taxation	**(25.4)**	(11.1)
Profit for the year	**(391.6)**	35.3
Other comprehensive income	**-**	-
Total comprehensive income	**144.3**	35.3

Summarised cash flow information of Terragen Ltd:	2021	2020
	MUR'M	MUR'M
Net cash inflow from operating activities	**170.8**	165.0
Net cash outflow from investing activities	**(49.1)**	(42.0)
Net cash outflow from financing activities	**-**	(100.0)
Net cash inflow	**121.7**	23.0

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

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

	2021	2020
	MUR'M	MUR'M
Non-current assets	**877.4**	898.0
Current assets	**398.5**	427.5
Non-current liabilities	**(224.7)**	(306.4)
Current liabilities	**(428.7)**	(460.8)
Total equity	**622.5**	558.3

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

36. SUBSIDIARIES (CONT'D)

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

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

	2021	2020
	MUR'M	MUR'M
Revenue	**590.8**	553.9
Expenses	**(526.9)**	(488.2)
Other income	**13.3**	13.1
Finance costs	**(24.1)**	(73.5)
Profit before tax	**53.1**	5.3
Taxation	**(2.7)**	(1.6)
Profit for the year	**50.4**	3.7
Other comprehensive income	**30.5**	(38.5)
Total comprehensive income	**80.9**	(34.8)

Summarised cash flow information of Terra Milling Ltd:	**2021**	2020
	MUR'M	MUR'M
Net cash inflow from operating activities	**26.0**	217.1
Net cash outflow from investing activities	**(54.3)**	(37.9)
Net cash outflow from financing activities	**(63.2)**	(89.6)
Net cash (outflow)/inflow	**(91.5)**	89.6

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

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

	2021	2020
	MUR'M	MUR'M
Non-current assets	**333.8**	337.4
Current assets	**996.9**	938.4
Non-current liabilities	**(211.1)**	(247.5)
Current liabilities	**(754.3)**	(727.6)
Total equity	**365.3**	300.7

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

36. SUBSIDIARIES (CONT'D)

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

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

	2021	2020
	MUR'M	MUR'M
Revenue	**1,718.9**	1,644.2
Expenses	**(1,642.5)**	(1,611.7)
Other income	**17.4**	15.9
Finance costs	**(20.7)**	(24.7)
Profit before tax	**73.1**	23.7
Taxation	**(10.3)**	(8.6)
Profit for the year	**62.8**	15.1
Other comprehensive income	**21.7**	(15.6)
Total comprehensive income	**84.5**	(0.5)

Summarised cash flow information of Grays Inc. Ltd:	**2021**	2020
	MUR'M	MUR'M
Net cash inflow from operating activities	**88.0**	241.6
Net cash outflow from investing activities	**(25.1)**	(33.9)
Net cash outflow from financing activities	**(71.5)**	(307.2)
Net cash outflow	**(8.6)**	(99.5)

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

37. ASSOCIATES

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

	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenues		Dividend received		Profit/(loss)	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
AMCO Solutions Limited	**17.9**	19.1	**2.4**	4.4	**8.6**	6.3	**0.9**	3.0	**20.1**	26.5	**16.0**	12.0	**9.3**	7.8
Anytime Investment Ltd	**-**	0.1	**100.5**	82.9	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Coal Terminal (Management) Co Ltd	**55.3**	29.9	**61.2**	66.2	**50.9**	28.8	**58.8**	64.2	**201.9**	189.0	**-**	-	**3.2**	0.9
Horus Ltée	**1.0**	0.1	**261.5**	261.5	**2.3**	2.2	**-**	-	**-**	-	**-**	-	**(0.1)**	(0.1)
Swan General Ltd	**9,146.8**	10,234.9	**54,170.6**	43,630.4	**1,430.0**	1,263.7	**56,356.5**	48,353.1	**7,500.3**	6,863.7	**119.2**	119.2	**692.5**	620.9
New Fabulous Investment Ltd	**-**	0.1	**100.5**	82.9	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
New Goodwill Co. Ltd	**568.9**	514.9	**34.9**	39.8	**210.9**	223.7	**74.5**	68.2	**1,829.6**	1,786.9	**89.7**	64.0	**144.6**	96.1
Rehm Grinaker Construction Co. Ltd (ii)	**-**	890.6	**-**	199.7	**-**	937.6	**-**	111.3	**-**	1,878.1	**-**	-	**-**	(73.3)
Topterra Ltd	**25.0**	34.0	**59.3**	61.9	**53.0**	60.4	**6.9**	7.0	**14.2**	12.9	**-**	-	**-**	-
Sucrivoire S.A	**3,783.6**	3,272.4	**4,539.4**	3,917.1	**3,056.0**	3,386.8	**5,267.1**	645.1	**4,643.8**	4,662.9	**-**	-	**(509.7)**	182.1
Aquasantec International Limited	**295.8**	209.8	**450.8**	380.8	**234.5**	166.0	**195.8**	210.6	**714.9**	550.2	**-**	-	**32.4**	43.5
Thermal Valorisation Co Ltd	**25.2**	18.6	**783.0**	818.9	**92.7**	108.6	**298.6**	344.0	**136.5**	124.9	**-**	-	**(23.5)**	(65.5)
United Docks Ltd	**280.2**	302.9	**2,916.6**	2,536.7	**27.3**	24.4	**754.2**	752.9	**58.3**	63.6	**5.1**	-	**28.1**	(10.1)
Distillerie de Bois Rouge Ltd	**2.8**	4.4	**-**	-	**7.1**	8.4	**3.6**	3.6	**-**	-	**-**	-	**-**	(0.3)
Grays Uganda Ltd	**6.5**	6.5	**5.3**	5.3	**8.4**	8.4	**-**	-	**-**	-	**-**	-	**-**	-
Inside Capital Partners Ltd	**13.3**	11.4	**2.1**	1.7	**3.5**	2.6	**-**	-	**33.5**	30.5	**-**	-	**(0.6)**	1.5
Payment Express Ltd	**24.6**	15.6	**217.6**	265.8	**187.0**	155.9	**37.7**	38.5	**143.2**	124.7	**-**	-	**-**	-
Beau Plan Campus Ltd	**69.5**	57.2	**636.7**	591.0	**61.4**	56.2	**226.3**	229.1	**58.3**	53.2	**-**	-	**26.5**	21.8
The Greencoast International Primary School Limited	**4.0**	5.3	**3.3**	3.6	**5.8**	7.5	**9.4**	10.2	22.4	15.1	**-**	-	**1.6**	(1.4)

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(Year ended December 31, 2021)

37. ASSOCIATES (CONT'D)

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

	OCI		**Total comprehensive income**		**% holding**		**Financial period ended**	**Country of incorporation**	**Principle place of business**	**Nature of business**
	2021	2020	**2021**	2020	**2021**	2020				
	MUR'M	MUR'M	**MUR'M**	MUR'M						
AMCO Solutions Limited	**-**	-	**9.3**	7.8	**41.9**	41.9	June 30,	Mauritius	Mauritius	Strategic procurement
Anytime Investment Ltd	**-**	-	**-**	-	**24.5**	24.5	June 30,	Mauritius	Mauritius	Investment holding
Coal Terminal (Management) Co Ltd	**-**	(0.9)	**3.2**	-	**15.4**	15.4	December 31,	Mauritius	Mauritius	Procurement and logistics of coal
Horus Ltée	**-**	-	**(0.1)**	(0.1)	**50.0**	50.0	June 30,	Mauritius	Mauritius	Investment holding
Swan General Ltd	**593.7**	(230.2)	**1,286.2**	390.7	**34.6**	34.1	December 31,	Mauritius	Mauritius	Insurance
New Fabulous Investment Ltd	**-**	-	**-**	-	**24.5**	24.5	June 30,	Mauritius	Mauritius	Investment holding
New Goodwill Co. Ltd	**-**	-	**144.6**	96.1	**33.3**	33.3	June 30,	Mauritius	Mauritius	Rum bottling and distribution
Rehm Grinaker Construction Co. Ltd	**-**	(14.6)	**-**	(87.9)	**62.3**	35.5	June 30,	Mauritius	Mauritius	Construction
Topterra Ltd	**-**	-	**-**	-	**33.3**	33.3	June 30,	Mauritius	Mauritius	Production and distribution of liquid fertiliser
Sucrivoire S.A	**(28.8)**	(24.8)	**(538.5)**	157.3	**25.5**	25.5	December 31,	Côte d'Ivoire	Côte d'Ivoire	Sugar production
Aquasantec International Limited	**(14.6)**	(5.6)	**17.8**	37.9	**26.7**	26.7	December 31,	Mauritius	Mauritius	Management company
Thermal Valorisation Co Ltd	**-**	-	**(23.5)**	(65.5)	**17.9**	17.9	December 31,	Mauritius	Mauritius	Energy
United Docks Ltd	**20.6**	(0.1)	**48.7**	(10.2)	**21.5**	15.2	June 30,	Mauritius	Mauritius	Real estate
Distillerie de Bois Rouge Ltd	**-**	-	**-**	(0.3)	**33.3**	33.3	July 31,	Mauritius	Mauritius	Dormant
Grays Uganda Ltd	**-**	-	**-**	-	**22.2**	22.2	December 31,	Uganda	Uganda	Dormant
Inside Capital Partners Ltd	**-**	0.1	**(0.6)**	1.6	**36.8**	36.8	December 31,	Mauritius	Mauritius	Fund management
Payment Express Ltd	**-**	-	**-**	-	**27.8**	27.8	June 30,	Mauritius	Mauritius	Payment service provider
Beau Plan Campus Ltd	**-**	-	**26.5**	21.8	**40.0**	40.0	December 31,	Mauritius	Mauritius	Real estate
The Greencoast International Primary School Limited	**-**	-	**1.6**	(1.4)	**20.0**	20.0	December 31,	Mauritius	Mauritius	Education

(i) Investment in Rehm Grinaker Construction Co Ltd has been reclassified to Non-current asset held for sale (note 17).

(ii) Associates with non-coterminous year end have been equity accounted based on management accounts at December 31, 2021.

37. ASSOCIATES (CONT'D)

(b) For December 31, 2021 and 2020, the Group accounts for its investments in Coal Terminal (Management) Co Ltd as associate although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation on the Board of Directors of the associate company.

For December 31, 2021 and 2020, the Group accounts for its investments in Horus Ltée as associate although the Group holds 50% of the issued share capital as the Group does not have control over the investment due to the lack of representation at board level and there is no agreement with the investee stating otherwise.

(c) Reconciliation of summarised financial information

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

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

37. ASSOCIATES (CONT'D)

(c) Reconciliation of summarised financial information (Cont'd)

	Carrying amount								
December 31, 2020	**Opening balance**	**Additions**	**Share of profit/ (loss) for the year**	**Dividends**	**Impairment**	**Share of OCI for the year**	**Translation reserves**	**Reclassification (note 9(a)(ii))**	**Closing balance**
Investment in associates	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
AMCO Solutions Limited	8.3	-	3.3	(5.0)	-	(0.6)	-	-	6.0
Horus Ltée	188.3	-	(1.0)	-	-	-	-	-	187.3
Swan General Ltd	1,247.0	2.6	213.1	(40.8)	-	(72.3)	-	-	1,349.6
New Goodwill Co. Ltd	76.3	-	32.0	(21.3)	-	0.6	-	-	87.6
Rehm Grinaker Construction Co. Ltd	47.0	-	(26.0)	-	(14.7)	(6.3)	-	-	-
Commada Ltd	28.7	-	(15.9)	-	-	-	12.0	(24.8)	-
Sucrivoire S.A	691.1	-	46.4	-	-	(6.3)	130.2	-	861.4
Aquasantec International Limited	46.5	-	11.6	-	-	(5.3)	4.3	-	57.1
Thermal Valorisation Co Ltd	157.6	-	(22.9)	-	-	-	-	-	134.7
Inside Capital Partners Ltd	0.7	-	0.5	-	-	-	-	-	1.2
United Docks Ltd	125.3	-	(0.6)	-	-	-	-	-	124.7
Beau Plan Campus Ltd	134.7	-	8.7	-	-	(9.3)	10.4	-	144.5
	2,751.5	2.6	249.2	(67.1)	(14.7)	(99.5)	156.9	(24.8)	2,954.1

37. ASSOCIATES (CONT'D)

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

	2021	2020
	MUR'M	MUR'M
Carrying amount of interests	**(0.6)**	3.9
Group's share of profit	**1.2**	-
Group's share of other comprehensive income	**(2.7)**	(1.4)
Group's share of total comprehensive income	**(2.7)**	(1.4)

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

	2021	2020
	MUR'M	MUR'M
Fair value of investments		
Swan General Ltd	**1,368.5**	1,017.0
United Docks Ltd	**224.1**	78.6

38. CAPITAL COMMITMENTS

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

	THE GROUP	
	2021	2020
	MUR'M	MUR'M
Property, plant and equipment	**99.7**	33.5
Investment properties	**528.5**	401.4
Inventory work in progress	**198.0**	-
	826.2	434.9

39. PARENT AND ULTIMATE HOLDING ENTITY

The Board of Directors considers Société de Nemours, constituted in Mauritius, as the parent and ultimate holding entity of TERRA Mauricia Ltd.

Notes to the Consolidated and Separate Financial Statements (Cont'd)
(Year ended December 31, 2021)

40. RELATED PARTY TRANSACTIONS

Related parties are individuals and companies where the individual or the company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions.

(i) **THE GROUP**

	Purchases of services	**Sales of services and others**	**Amount receivable**	**Amount payable**	**Interest expense**	**Dividends**
2021	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Associates	**10.5**	**53.1**	**12.1**	**2,493.7**	**75.1**	**78.9**
Enterprises with common directors	**134.1**	**-**	**-**	**7.4**	**-**	**-**
	144.6	**53.1**	**12.1**	**2,501.1**	**75.1**	**78.9**
2020						
Associates	35.8	35.0	29.9	2,108.1	16.9	67.1
Enterprises with common directors	71.1	-	-	6.6	-	-
	106.9	35.0	29.9	2,114.7	16.9	67.1

Amounts receivable from and payable to related parties are unsecured, interest-free and repayable within one year. Non-current related party receivable is unsecured, interest-free and repayment is not expected to be requested within one year.

Impairment loss on trade receivables from an associate amounted to MUR'M 58.5 (2020: MUR'M 43.4).

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

Dividends paid to non-controlling interests amounting to MUR'M 26.3 (2020: MUR'M 76.8) are disclosed in the Group statement of cash flows.

(ii) **THE COMPANY**

	Sales of services and others	**Amount receivable**	**Amount payable**	**Borrowings**	**Interest expense**	**Dividend income**
2021	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Associates	**-**	**1.0**	**-**	**-**	**-**	**10.9**
Subsidiaries	**-**	**40.2**	**1.1**	**1,087.6**	**37.1**	**199.1**
	-	**41.2**	**1.1**	**1,087.6**	**37.1**	**210.0**
2020						
Associates	-	1.0	-	-	-	5.0
Subsidiaries	-	39.8	26.6	990.3	29.6	178.2
	-	40.8	26.6	990.3	29.6	183.2

40. RELATED PARTY TRANSACTIONS (CONT'D)

None of the balances is secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

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

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

Dividends paid to shareholders amounting to MUR'M 193.4 (2020: MUR'M 129.7) are disclosed in Company's statement of cash flows.

(iii) Key management personnel

Key management personnel consists of personnel employed by the Company and its subsidiaries who can exercise direct control on major parts of the Group/Company's activities and resources. The key management personnel compensation comprised the following:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'M	MUR'M	**MUR'M**	MUR'M
Salaries and short-term employee benefits	**131.0**	123.4	**-**	-
Post employment benefits	**6.4**	9.5	**-**	-
Other benefits	**-**	1.8	**-**	-
	137.4	134.7	**-**	-

41. CONTINGENT LIABILITIES

(a) Court cases

(i) Previous distillers

An agreement was reached in 1979 between five enterprises (including a subsidiary of the Group) for the sale and sharing thereof of alcohol produced from molasses and sold in Mauritius. The agreement was terminated in 2000. There is currently a dispute over the compensation payable upon termination to two partners, who are claiming MUR'M 58.4 from the other partners, (including a subsidiary of the Group). A ruling was delivered in August 2012 by the Judge of the Commercial Court to the effect that the matter should be referred to arbitration. However, the parties have given notice of appeal of that judgement. The appeal was called in March 2014, when some points of laws were raised. On November 20, 2014, arguments were heard on the points of law and the judge has delivered his ruling on December 11, 2015, allowing the appeal to proceed. The appeal was heard on February 22, 2017 and the Court has ruled, on November 1, 2018 that the case should be referred to the Supreme Court (Commercial Division). The case is ongoing.

(ii) Ex-employees of Beau Plan Sugar Factory

There is currently a claim to a subsidiary for damages from ex-employees of Beau Plan Sugar Factory for MUR'M 130.0 in respect of breach of contract. The court case is ongoing.

(iii) Irrigation Authority

There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to June 30, 2020 amounting to MUR'M 57.2. The matter has been referred to an Arbitration Board as provided by the water supply agreement existing between the Irrigation Authority and Terragri Ltd.

41. CONTINGENT LIABILITIES (CONT'D)

(a) Court cases (Cont'd)

(iv) Breach of contract

A subsidiary has claimed an amount of MUR'M 1.8 to one of its clients in respect of overdue selling fees. The client has submitted a counterclaim of MUR'M 60 to the subsidiary for breach of contract and damages. The dispute is still pending.

(v) Work accident

The heirs of one ex-employee of Terra Milling Ltd, who was victim of work accident, has claimed damages amounting to MUR'M 6.1 to his former employer. The case is ongoing. The exposure is mitigated under the employer liability insurance cover of the Terra Milling Ltd.

(b) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR'M 524.0 as at December 31, 2021 (2020: MUR'M 196.9).

(c) Letter of comfort

In the ordinary course of business, the Company has provided letters of comfort and undertaking in favour of commercial banks in Mauritius in respect of banking facilities availed by its wholly owned subsidiary, Terra Finance Ltd.

As at December 31, 2021, the total comfort provided in respect of the short-term banking facilities amounted to MUR 3.4 billion (2020: MUR 2.5 billion) out of which total utilisation amounted to MUR 1.0 billion (2020: MUR 1.2 billion).

(d) Outstanding bank guarantees

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

42. EVENTS AFTER THE REPORTING PERIOD

(a) Impact of Covid-19

The Covid-19 outbreak is a material subsequent non-adjusting event that requires disclosure in the financial statements. On March 11, 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. The authorities have since introduced several measures to help businesses better manage the impact of Covid-19.

42. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(a) Impact of Covid-19 (Cont'd)

Mauritius has come out of lockdown on May 31, 2020 and underwent through a second lockdown on the March 10, 2021 until April 30, 2021. Government has introduced a number of measures to help businesses better manage the impact of Covid-19, since the outbreak of the pandemic.

The Covid-19 pandemic is expected to have some impact on the Group's operations, customers and suppliers and consequently the Group's production, revenue and cash position in the near term. The Group will continue to monitor the impact of Covid-19 has on them and reflect the consequences as it deems appropriate in its accounting and reporting.

(b) Uncertainties caused by the increase in coal price following the outbreak of war between Russia and Ukraine

There have been unprecedented increases in prices of coal following the sharp increase in demand for electricity generation as the global economy recovers from the pandemic, especially in China and India leading to a mismatch in the supply of coal. The uncertainties caused by the conflict between Russia and Ukraine has exacerbated the matter causing the price of coal to reach record highs. The coal market futures indicate that the present coal price levels are there to remain at very high level for a while, at least for the whole of 2022. Internationally there is a significant increase in economic uncertainty, evidenced by more volatile asset and commodity prices, currency exchange rates, rising inflation and a reduction in economic growth rates internationally is forecasted.

At these coal prices, our power plant Terragen Ltd, which partly uses coal to produce electricity, is anticipated to incur important financial losses, due to this unforeseen and unprecedented event. Terragen Ltd had suspended its operations since April 29, 2022 due to a Force Majeure Event linked to coal under the Power Purchase Agreement (PPA) with Central Electricity Board (CEB). Terragen Ltd has resumed its operations at the beginning of the crop season on the June 27, 2022 using bagasse to generate electricity. CEB and Terragen Ltd are currently engaged in a mediation process to seek a workable solution for both parties for the remaining period under the present PPA until June 2025.

An estimate of the potential impact of this event on the financial statements cannot be determined at this stage.

(c) Acquisition of additional stake in a subsidiary

After reporting date, Terra Brands Ltd, a wholly-owned subsidiary of TERRA Mauricia Ltd acquired an adddtional stake of 33.33% in Grays Distilling Ltd which will thus be considered as a wholly-owned subsidiary as from year 2022.

43. SEGMENT INFORMATION

Reportable segments are disclosed in note 26(a).

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, cash and cash equivalents and receivables and exclude investments in associates and others.

Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (note 2).

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

43. SEGMENT INFORMATION (CONT'D)

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

THE GROUP

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

43. SEGMENT INFORMATION (CONT'D)

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

THE GROUP

Year ended December 31, 2020	Cane	Power	Brands	Property and Leisure	Others	Group interests	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	1,095.2	1,152.3	2,169.8	291.6	292.4	-	5,001.3
Intersegment sales	(8.6)	(21.1)	(60.2)	(50.5)	(108.7)	-	(249.1)
Revenues from external customers	1,086.6	1,131.2	2,109.6	241.1	183.7	-	4,752.2
Segment profit	85.9	70.8	99.7	12.4	59.4	(108.0)	220.2
Fair value gain on non-current assets classified as held for sale	-	-	-	-	(314.0)	-	(314.0)
Net finance (costs)/income	(89.0)	(1.7)	(18.2)	0.3	(161.1)	108.0	(161.7)
(Loss)/profit after finance costs	(3.1)	69.1	81.5	12.7	(415.7)	-	(255.5)
Share of results of associates	46.4	(22.9)	32.0	8.5	185.2	-	249.2
Impairment of associates	-	-	-	-	(181.8)	-	(181.8)
(Loss)/profit before taxation	43.3	46.2	113.5	21.2	(412.3)	-	(188.1)
Taxation	(3.0)	(10.4)	(11.3)	(0.7)	3.1	-	(22.3)
(Loss)/profit after taxation	40.3	35.8	102.2	20.5	(409.2)	-	(210.4)
Non-controlling interest							(58.5)
Profit attributable to equity holders of the Company							(268.9)

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43. SEGMENT INFORMATION (CONT'D)

(b) Other material items

THE GROUP

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

43. SEGMENT INFORMATION (CONT'D)

(b) Other material items (Cont'd)

THE GROUP

Year ended December 31, 2020	Cane	Power	Brands	Property and Leisure	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Finance income	-	-	7.6	3.7	-	11.3
Finance costs	(57.0)	(1.7)	(19.9)	(0.5)	(93.9)	(173.0)
Cost of sales	(917.9)	(962.8)	(1,562.2)	(80.1)	(117.4)	(3,640.4)
Segment assets	7,381.5	1,627.2	1,575.7	5,123.1	814.7	16,522.2
Associates	861.5	134.7	86.5	142.8	1,864.4	3,089.9
Other assets	30.2	8.0	36.7	26.0	1,063.5	1,164.4
Segment liabilities	716.4	228.5	599.0	295.7	208.5	2,048.1
Borrowings	743.7	30.5	352.8	544.1	2,232.1	3,903.2
Other liabilities	34.9	175.3	35.0	0.9	10.2	256.3
Capital expenditure	116.0	42.6	52.8	741.6	18.0	971.0
Depreciation and amortisation	(163.7)	(68.1)	(71.9)	(43.9)	(46.8)	(394.4)
Other material non-cash items:						
- Impairment losses on financial assets	(46.3)	-	(5.4)	(3.3)	(9.2)	(64.2)
- Impairment losses on non-financial assets	-	-	-	-	(22.3)	(22.3)

44. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	THE GROUP
	2021
	MUR'M
At date of acquisition	**222.3**
Transfers from contract assets to trade receivables	**(264.8)**
Excess of revenue recognised over cash	**183.7**
At December 31, 2021 (note 35(b))	**141.2**

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

	THE GROUP
	2021
	MUR'M
At date of acquisition	**114.3**
Amount released and recognised as revenue	**(20.1)**
Cash received in advance and not recognised as revenue	**22.9**
At December 31, 2021 (note 35(b))	**117.1**

Notes to the Consolidated and Separate Financial Statements (Cont'd)

(Year ended December 31, 2021)

45. CONSTRUCTION CONTRACTS

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

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

	THE GROUP		
	2021	2020	2019
STATEMENT OF PROFIT OR LOSS	**MUR'M**	MUR'M	MUR'M
Turnover	**6,223.8**	4,752.2	5,047.3
Profit/(loss) before taxation and associates' results	**14.9**	(255.5)	397.0
Share of results of associates	**290.5**	249.2	236.8
Gain on remeasurement of associate	**24.9**	-	-
Profit on disposal of associate	**39.8**	-	-
Impairment of associates	**(3.0)**	(181.8)	(120.1)
Taxation	**(50.4)**	(22.3)	(67.1)
Profit/(loss) after taxation	**316.7**	(210.4)	446.6
Profit/(loss) after taxation			
Owners of the Company	**462.3**	(268.9)	328.7
Non-controlling interests	**(145.6)**	58.5	117.9
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit/(loss) after taxation	**316.7**	(210.4)	446.6
Other comprehensive income for the year net of tax	**371.9**	(191.6)	1,082.2
Total comprehensive income	**688.6**	(402.0)	1,528.8
Total comprehensive income attributable to:			
Owners of the Company	**799.7**	(434.5)	1,374.7
Non-controlling interests	**(111.1)**	32.5	154.1
	688.6	(402.0)	1,528.8
Percentage of profit on shareholders' interest (%)	**5.65**	(2.0)	2.3
Earnings per share (MUR)	**2.03**	(1.18)	1.44
Dividends proposed and paid	**193.4**	129.7	193.4
Dividend per share (MUR)	**0.85**	0.57	0.85
Dividend cover (times)*	**2.4**	-	1.7
Net assets per share (MUR)	**62.2**	59.7	62.2
Weighted number of ordinary shares used in calculation (M)	**227.6**	227.6	227.6

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

STATEMENTS OF FINANCIAL POSITION			
Non-current assets	**17,414.8**	17,252.5	16,664.6
Current assets	**3,769.8**	3,232.5	3,463.0
Non-current assets classified as held-for-sale	**1,098.7**	291.5	580.7
Total assets	**22,283.3**	20,776.5	20,708.3
Owners' interest of the Company	**14,159.4**	13,593.5	14,164.3
Non-controlling interests	**840.1**	975.4	1,019.9
Non-current liabilities	**3,981.8**	3,796.1	1,109.8
Current liabilities	**2,520.3**	2,411.5	4,414.3
Liabilities directly associated with non-current assets classified as held-for-sale	**781.7**	-	-
Total equity and liabilities	**22,283.3**	20,776.5	20,708.3

Administrative

"We are what we repeatedly do.
Excellence then, is not an act, but a habit."
ARISTOTLE

Directors of Subsidiary Companies

(Pursuant to Section 221 of the Companies Act 2001)

SUBSIDIARY COMPANIES

DIRECTORS	Beau Plan Cellars Ltd	Beau Plan Development Ltd	Beau Plan Office Park Ltd	Beau Plan Retail Park Ltd	Beau Plan Sports & Leisure Ltd	Belle Vue Rum Ltd	BS Fragrance (Mauritius) Ltd	Equatorial Deliveries Ltd	Grays Distilling Ltd	Grays Inc. Ltd	Intendance Holding Ltd	Ivoirel Ltée	MISA Company Ltd	Les Chais de L'Isle De France Ltée	Mon Rocher School Holding Ltd	Providence Warehouse Co. Ltd	Sagiterra Ltd	Sugarworld Ltd	Terra Brands Ltd	Terra Finance Ltd	Terra Foundation	Terra Milling Ltd	Terra Services Ltd	Terragen Ltd	Terragen Management Ltd	Terragri Ltd	Terrarock Ltd	Terravest Holding Ltd
Kavita Achameesing																								•				
François Boullé																											•	
Areff Atchia					•																							
Jocelyn de Chasteauneuf	○					○			○	○				○		•			○									
Louis Decrop																								•	•			
Bernard Desvaux de Marigny																	×											
Jean-Philippe Desvaux de Marigny		•	•	•											•			•										
Nicolas Eynaud		○	○	○											•		•	•										
Chy Chong Fong Wai Ching									×																			
Dominique Huet de Froberville	•								•	•									•							•		
Edwige Gufflet																		•										
Alexis Harel	○					○	○	•	○	○			•	○		•			○		•	•				•		
Didier Harel																										•		
Henri Harel	•	•	•	•					•	•	•	•					•		•	•	•	•	•	•	•		•	•
Roupesh Hematlal							•																					
Jean-Marc Jauffret																											•	
Vidyanand Jeetooa																						•						
Jean-Jacques Jullienne																											•	
Hubert Koenig					•																							
Louis Denis Koenig		•	•	•													•	•		•	•		○	•	•			
Pascal Langeron																								•	•			
Gilbert Bernadin Legrand																		•										
Jacques Li Wan Po									×																			
James Li Yuen Fong									×																			
Deon Louw	•									•																		
Nicolas Maigrot	•								•	•	•	•					•	•	•		•	•	•	•	•		•	•
Anna Mallac-Sim																										•		
Sébastien Mamet											•	•										○	•	•	•			
Guy Morel																•												
Gajandranath Mutty																						•						
Yoowaraj Parsan																						×						
Krishnaduth Pursun																						•						
Feroze Peerboccus																								•	•			
Christophe Quevauvilliers																											•	
Pascal Raffray																										•		
Alain Rey																				•	•					•		
Vincent Rogers																											•	
Julien Rousset																				•				•				•
Stéphane Thomas																•												
Nikhil Treebhoohun																										•		
Stéphane Ulcoq																											•	
Alain Vallet																		×				×				×	×	
Leonard Jacobus Volschenk	•									•																		
Colin Whiting								•					•			•												
Margaret Wong Ping Lun									•													•				•		
ALTERNATE DIRECTORS																												
Chandkrek Dussoye																								•				
Jean-Michel Gérard																								•				
Jean-Pierre Lagarde																								×				
Mahendra Kumar Ramroop																								•				

○ Executive Director in office as at 31 December 2020 • Non-executive Director in office as at 31 December 2020 × Ceased to hold office during the year ended 31 December 2020

External Directorships of Directors of Terra Mauricia Ltd

	Alexis Harel	Didier Harel	Henri Harel	Dominique de Froberville	Nicolas Maigrot	Anna Mallac-Sim	Pascal Raffray	Alain Rey	Nikhil Treebhoohun	Alain Vallet	Margaret Wong Ping Lun
LISTED COMPANIES											
Fincorp Investment Ltd											•
New Mauritius Hotels Ltd								•			
Swan General Ltd			•		•						
MCB Group Ltd		•						•			
United Docks Ltd	•				•						
OTHERS											
AMCO Solutions Ltd	•		•		•						
Anytime Investment Ltd			•		•						
Aquasantec Ltd			•		•						
Bank One Ltd									•		
CIEL Textile Ltd								•			
COAL Terminal (Management) Co Ltd			•		•						
Commada Ltd			•								
Compagnie des Villages de Vacances de l'Isle de France Ltée											•
Distillerie de Bois Rouge	•										
Grays Uganda Ltd	•										
Horus Ltée	•				•						
Invescom Ltd			•								
Leal & Co Ltd											•
Mauritius Freeport Development Co Ltd				○							
MCB Factors Ltd											•
MCB Microfinance Ltd								•			
MCB Real Assets Ltd											•
Mer Rouge Trading Ltd				•							
Mexa Investment Ltd				•							
Moulin Cassé Ltée	•		•							•	
New Fabulous Investment Ltd			•		•						
New Goodwill Co Ltd			•		•						
Precigraph Ltée								•			
Quantum Ltd								•			
Rehm Grinaker Construction Co Ltd	•		•		•						
Sucrivoire SA			•		•						
SuGha Ltd					•						
Swan Life Ltd			•		•						
The Lux Collective Ltd	•										
Thermal Valorisation Co Ltd					•						
Topterra Ltd	•										
UDL Investment Ltd					•						
United Investments Ltd			•		•						
United Properties Ltd					•						

○ Executive Director in office as at 31 December 2020 • Non-executive Director in office as at 31 December 2020

Group Structure

TERRA MAURICIA LTD

Effective Holding	Date of Aquisition by the Group	Classification of Activities	Holding	Company
100%	2012	1, 2, 8 & 10	100%	TERRAGRI LTD
40.00%	2016	8	40.00%	BEAU PLAN CAMPUS LTD
100%	2017	10	100%	BEAU PLAN DEVELOPMENT LTD
100%	2018	8	100%	BEAU PLAN RETAIL PARK LTD
100%	2019	8	100%	BEAU PLAN OFFICE PARK LTD
100%	2021	8	100%	BEAU PLAN SPORTS & LEISURE LTD
100%	2017	10	100%	MON ROCHER SCHOOL HOLDING LTD
20.00%	2020	12	20.00%	THE GREEN COAST INTERNATIONAL PRIMARY SCHOOL LTD
80.00%	1995	3	80.00%	TERRA MILLING LTD
51.00%	1998	9	51.00%	TERRAGEN LTD
15.43%	1998	1	30.26%	COAL TERMINAL (MANAGEMENT) CO. LTD
17.85%	2014	9	35.00%	THERMAL VALORISATION CO. LTD
66.75%	1998	1	66.75%	TERRAGEN MANAGEMENT LTD
100%	2001	10	100%	SAGITERRA LTD
100%	1960	1	100%	TERRA BRANDS LTD
24.50%	2000	1	24.50%	NEW FABULOUS INVESTMENT LTD
24.50%	2000	1	24.50%	ANYTIME INVESTMENT LTD
			30.00% 30.00%	
33.33%	2000	5	18.63%	NEW GOODWILL CO. LTD
74.00%	2006	5 & 6	74.00%	GRAYS INC. LTD
37.00%	2008	6	50.00%	PROVIDENCE WAREHOUSE CO. LTD
37.00%	2008	8	100%	MISA COMPANY LIMITED
37.00%	2011	6	100%	EQUATORIAL DELIVERIES LIMITED
37.00%	2021	6	50.00%	BS FRAGRANCE (MAURITIUS) LTD
22.20%	2015	5	30.00%	GRAYS UGANDA LTD
74.00%	2016	5	100%	BELLE VUE RUM LTD
74.00%	2017	13	100%	BEAU PLAN CELLARS LTD
66.66%	1998	4	66.66%	GRAYS DISTILLING LTD
66.66%	2011	1	66.66%	SOCIETE EVAPO
33.33%	2010	4.a	50.00%	TOPTERRA LTD
33.33%	1996	1	33.33%	DISTILLERIE DE BOIS ROUGE LIMITED
33.33%	1996	4	100%	SOCIETE DE DISTILLATION DE ST ANTOINE ET BOIS ROUGE
100%	2005	6	100%	LES CHAIS DE L'ISLE DE FRANCE LIMITEE
95.24%	2012	12	95.24%	SUGARWORLD LTD
100%	1997	1.a	100%	IVOIREL LIMITEE
25.50%	1997	2.a & 3.a	25.50%	SUCRIVOIRE S.A.
83.34%	1990	1	83.34%	SOCIETE PROBAN
45.00%	1990	7	54.00%	TERRAROCK LTD
75.00%	2000	12	75.00%	FONDATION NEMOURS HAREL
100%	2010	12	100%	TERRA FOUNDATION
50.00%	2006	1	50.00%	HORUS LTEE
			18.34%	
21.46%	2006	5	12.29%	UNITED DOCKS LTD
			26.54%	
52.35%	1978	1	46.65%	SOCIETE DE LERCA
			50.52%	
43.21%	1978	1	16.77%	HAREL MALLAC & CO LTD
100%	2004	1	100%	TERRA SERVICES LTD
100%	2012	1	100%	TERRA FINANCE LTD
100%	2015	1	100%	TERRAVEST HOLDING LIMITED
26.67%	2014	15	26.67%	AQUASANTEC INTERNATIONAL LIMITED
100%	1982	1	100%	INTENDANCE HOLDING LTD
			33.48%	
34.56%	1972	11	1.08%	SWAN GENERAL LTD
29.21%	1953	11	0.62% 82.72%	SWAN LIFE LTD
41.87%	1961	13	41.87%	AMCO SOLUTIONS LIMITED
62.26%	1991	7	62.26%	REHM GRINAKER CONSTRUCTION CO. LTD
29.03%	2013	1	29.03%	UNITED INVESTMENTS LTD
36.75%	2015	1	36.75%	INSIDE CAPITAL PARTNERS LTD
36.01%	2015	1 & 1.a	36.01%	INSIDE EQUITY FUND
27.83%	2015	1	27.83%	PEX LTD
33.33%	2015	1	33.33%	SOCIETE M.S.P.A. ET CIE (RTC)
50.00%	2019	1.a	50.00%	SUGHA LTD

Classification of companies' main activities:

1. Investment, management and other services
1.a Investment, management and other services (off-shore)
2. Sugar cane cultivation
2.a Sugar cane cultivation (abroad)
3. Sugar milling
3.a Sugar milling (abroad)
4. Distillery / Refinery
4.a CMS production
5. Bottling
6. Distribution
7. Construction and engineering
8. Lessor of land and buildings
9. Energy production
10. Land development and property consultancy
11. Insurance
12. Cultural / CSR / Education
13. Commodity trading
14. Financial services
15. Industry

List of Acronyms

ALC	African Leadership College
AFNOR	*Association Française de Normalisation*
BOM	Bank Of Mauritius
BU	Business Unit
CEB	Central Electricity Board
CO_2	Carbon Dioxide
CSR	Corporate Social Responsibility
CWA	Central Water Authority
EPA	Environment Protection Act
ERM	Enterprise Risk Management
EU	European Union
EUR	Euro
FSA	Financial Services Act
FSC	Financial Services Commission
GDP	Gross Domestic Product
GIS	Geographic Information System
GRI	Formerly 'Global Reporting Initiative'
GHG	Greenhouse Gas
GJ	Giga Joules
GWh	Giga Watt per hour
HACCP	Hazard Analysis and Critical Control Points
HIV	Human Immunodeficiency Virus
ILO	International Labour Organization
IPP	Independent Power Producer
IPPA	Investment Promotion and Protection Agreement
IIRC	International Integrated Reporting Council
ISO	International Organisation for Standardisation
KWh	Kilo Watt per hour
KPI	Key performance indicator
LMC	LMC International Ltd
LEAD	Leadership and Empowerment for Action and Development
MCIA	Mauritius Cane Industry Authority
MIOD	Mauritius Institute of Directors
MIGA	Multilateral Investment Guarantee Agency
MRA	Mauritius Revenue Authority
MSPA	Mauritius Sugar Producers Association
MSS	Mauritius Sugar Syndicate
MUR	Mauritian Rupee
MW	Mega Watt
NGO	Non-Governmental Organisation
NO_x	Nitrous Oxide
NPCC	National Productivity and Competitiveness Council
OHSAS	Occupational Health and Safety Management System
OSH	Occupational Safety and Health
PPA	Power Purchase Agreement
QSE	Quality, Security and Environment
SAFIRE	*Service d'Accompagnement, de Formation, d'Intégration et de Réhabilitation de l'Enfant*
SDG	Sustainable Development Goal
SEDEX	Supplier Ethical Data Exchange
SEM	Stock Exchange of Mauritius
SEMSI	Stock Exchange of Mauritius Sustainability Index
SIFB	Sugar Insurance Fund Board
SIFCA	*Société Immobilière et Financière de la Côte Africaine*
SO_2	Sulphur Dioxide
TIPA	Terrain for Interactive Pedagogy through Arts
USD	United States Dollar
WTO	World Trade Organisation

Corporate Information

REGISTERED OFFICE

Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
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E-mail: terra@terra.co.mu
Website: www.terra.co.mu

SECRETARY

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AUDITORS

BDO & Co
(Chartered Accountants)
10, Frère Félix de Valois Street
Port-Louis 11404
Republic of Mauritius
Telephone: (230) 202 3000
Telefax: (230) 202 9993
Website: www.bdo.mu

BANKERS

The Mauritius Commercial Bank Limited
SBM Bank (Mauritius) Ltd
ABSA Bank (Mauritius) Ltd
AfrAsia Bank Limited
BCP Bank (Mauritius) Ltd
Maubank Ltd
Standard Bank (Mauritius) Ltd
SBI (Mauritius) Ltd
ABC Banking Corporation Ltd

CANE

Terragri Ltd / Terra Milling Ltd
Belle Vue-Mauricia
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POWER

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Terragen Management Ltd
Beau Plan Business Park
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BRANDS

Grays Inc. Ltd
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Grays Distilling Ltd
Beau Plan, Pamplemousses 21001
Republic of Mauritius
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Telefax: (230) 243 3733
E-mail: distilling@grays.mu

PROPERTY AND LEISURE

Novaterra
Beau Plan Business Park
Pamplemousses 21001
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Sugarworld Ltd – *L'Aventure du Sucre*
Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 243 7900
Telefax: (230) 243 9699
E-mail: administration@aventuredusucre.com
Website: www.aventuredusucre.com

STONE CRUSHING AND BLOCK MAKING

Terrarock Ltd
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CORPORATE SOCIAL RESPONSIBILITY

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FINANCE

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Notice of Annual Meeting

Notice is hereby given that the **Annual Meeting of the shareholders of TERRA Mauricia Ltd ('Terra')** will be held at **The Terrace, Head Office**, Beau Plan Business Park, Pamplemousses, on **THURSDAY 10 NOVEMBER 2022 at 2.30 p.m.** to transact the following business:

1. To consider the Annual Report for the year ended 31 December 2021.

2. To receive the report of the auditors on the audited financial statements of Terra for the year ended 31 December 2021.

3. To consider and approve the audited financial statements of Terra for the year ended 31 December 2021.

Ordinary Resolution
"*Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2021 be and are hereby approved*".

4. To consider and approve by way of Ordinary Resolutions pursuant to clause 32 of the amended and restated constitution of Terra, the following matters pertaining to Terragri Ltd ('Terragri'):

4.1. the audited financial statements of Terragri for the year ended 31 December 2021.

Ordinary Resolution
"*Resolved that the audited financial statements of Terragri for the year ended 31 December 2021 be and are hereby approved*".

4.2. the re-election, pursuant to Clause 20.2 of the constitution of Terragri and Section 138 (6) of the Companies Act 2001, of Mr Didier Harel as Director of Terragri as from 15 November 2021 and until the next Annual Meeting of shareholders of Terragri.

Ordinary Resolution
"*Resolved that Mr Didier Harel be and is hereby re-elected as Director of Terragri to hold office as from 15 November 2021 and until the next Annual Meeting of Terragri.*"

4.3. the re-election, pursuant to clauses 20.2 and 20.5.4 of the constitution of Terragri of Mr Alexis Harel who, retiring by rotation, offers himself for re-election as Director of Terragri.

Ordinary Resolution
"*Resolved that Mr Alexis Harel be and is hereby re-elected as Director of Terragri.*"

4.4. the election of the following persons as Directors of Terragri (as separate resolutions):

(i) Mr Thierry de Labauve d'Arifat
(ii) Mrs Kalindee Ramdhonee.

Ordinary Resolution
"*Resolved that the following persons be and are hereby elected as Directors of Terragri (as separate resolutions):*

(i) Mr Thierry de Labauve d'Arifat
(ii) Mrs Kalindee Ramdhonee".

4.5. the re-appointment of the auditors of Terragri under section 200 of the Companies Act 2001 and the authorisation by way of Ordinary Resolution to the Board of Terragri to fix their remuneration.

Ordinary Resolution
"*Resolved that the re-appointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted and that the Board of Terragri be and is hereby authorised to fix their remuneration.*"

5. To authorise by way of Ordinary Resolution the Board of Directors of Terra in its capacity as representative of Terra, the sole shareholder of Terragri, to implement the resolutions referred to at paragraphs 4.1 to 4.5 above at the Annual Meeting of Terragri.

Ordinary Resolution
"*Resolved that the Board of Terra, in its capacity as representative of Terra, the sole shareholder of Terragri, be and is hereby authorised to implement the resolutions passed pursuant to paragraphs 4.1 to 4.5 above at the Annual Meeting of Terragri.*"

6. To consider and approve by way of Ordinary Resolutions the following matters pertaining to Terra:

6.1 the re-election, pursuant to clause 20.2 of the amended and restated constitution of Terra and Section 138 (6) of the Companies Act 2001, of Mr Didier Harel as Director of Terra as from 11 November 2021 and until the next Annual Meeting of shareholders of Terra.

Ordinary Resolution
"*Resolved that Mr Didier Harel be and is hereby re-elected as Director of Terra to hold office as from 11 November 2021 and until the next Annual Meeting of Terra.*"

6.2. the re-election pursuant to clauses 20.2 and 20.5.4 of the amended and restated constitution of Terra of Mr Henri Harel who, retiring by rotation, offers himself for re-election as Director of Terra.

Ordinary Resolution
"*Resolved that Mr Henri Harel be and is hereby re-elected as Director of Terra.*"

6.3. the election of the following persons as Directors of Terra (as separate resolutions):

(i) Mr Thierry de Labauve d'Arifat
(ii) Mrs Kalindee Ramdhonee.

Ordinary Resolution
"*Resolved that the following persons be and are hereby elected as Directors of Terra (as separate resolutions)*:

(i) Mr Thierry de Labauve d'Arifat
(ii) Mrs Kalindee Ramdhonee."

6.4. to fix for the period starting from 01 July 2022 and ending on 30 June 2023, the fees of (i) the Directors of Terra at MUR 41,250 per month and MUR 24,750 per Board sitting; and (ii) the Chairperson of Terra at MUR 82,500 per month and MUR 49,500 per Board sitting, pursuant to clause 23.1 of the amended and restated constitution of Terra.

Ordinary Resolution
"*Resolved that the fees for the period from 01 July 2022 to 30 June 2023 be and are hereby fixed at MUR 41,250 per month and MUR 24,750 per Board sitting for the Directors of Terra; and MUR 82,500 per month and MUR 49,500 per Board sitting for the Chairperson of Terra.*"

7. To take note of the re-appointment of the auditors under section 200 of the Companies Act 2001 and authorise by way of Ordinary Resolution the Board of Terra to fix their remuneration.

Ordinary Resolution
"*Resolved that the re-appointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted and that the Board of Terra be and is hereby authorised to fix their remuneration.*"

8. Question time.

By order of the Board
Terra Services Ltd

Secretary

Dated this 21st September 2022

Notice of Annual Meeting (cont'd)

Notes:

a. A shareholder of Terra entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post.

b. The appointment of proxy must be made in writing on the enclosed form and the document should reach the registered office of Terra, Beau Plan Business Park, Pamplemousses 21001, not less than twenty-four (24) hours before the time of holding the meeting, and in default, the instrument of proxy shall not be treated as valid. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

c. The notice for casting a postal vote must be made in writing on the enclosed form and sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of Directors of Terra to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of Terra, Beau Plan Business Park, Pamplemousses 21001, not less than forty-eight (48) hours before the time of holding the meeting, and in default, the notice of postal vote shall not be treated as valid.

d. For the purpose of the above Annual Meeting, the Directors have resolved, in compliance with section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend the meeting shall be those shareholders whose names are registered in the share register of Terra as at 14 October 2022.

e. The audited financial statements of Terragri for the year ended 31 December 2021 are available for inspection during normal business hours at the registered office of Terra, Beau Plan Business Park, Pamplemousses.

f. A short biographic note on each Director, including those proposed to be elected or re-elected, can be found on pages 80 to 83 of the Annual Report or below, as well as on Terra's website at www.terra.co.mu.

THIERRY DE LABAUVE D'ARIFAT (50)

Diploma in Building Management – Technikon Natal (South-Africa)
Project Management Professional Certification from the Project Management Institute

Mr de Labauve d'Arifat started his career in 1993 at Rehm Grinaker Construction Company Limited. He then moved to BEAM Ltd in 1998 as Contracts Manager until 2003 when he joined Plumbelec Co. Ltd as Logistics Manager. In 2004 he created his own company named TDA Consult Ltd to offer building management services. Between 2016 and 2019 he was employed by ENL Property Co. Ltd as Head of Operations for the residential cluster. Since 2020 he is again self-employed by TDA Consult Ltd, focusing on offering consultancy services in construction, particularly for the design and pre-contract stages of projects.

KALINDEE RAMDHONEE (59)

Fellow of the Association of Chartered Certified Accountants (UK)

Mrs Ramdhonee has more than 20 years of experience in finance and operations management, with international exposure in Belgium, France and Africa. She has exercised as Head of Accounts in the technology cluster of Harel Mallac between 1991 to 2003, when she moved to MC Vision as Finance and Administrative Manager until 2010. She was then appointed as Group Financial Controller at African Alliance Group, which she left in 2012 to successfully open and manage, between 2012 and 2016, an office in Mauritius for the BIA Group, a Belgian family business. She is, since 2016, the Founder/Managing Director of Karics Partners Ltd, a Corporate and Management Consultancy Services company.

Directorships of listed companies:

The United Basalt Products Ltd
BMH Ltd

Terra Mauricia Ltd (the "Company")

Proxy/Casting Postal Vote Form*

APPOINTMENT OF PROXY*

(see notes **a**, **b** and **c** overleaf)

I/We ______________________________

of ______________________________

being shareholder/s of the above-named company hereby appoint

of ______________________________

or failing him/her,

of ______________________________

or the Chairperson as my/our proxy to vote for me/us at the **Annual Meeting** of the Company to be held on **Thursday 10 November 2022** and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions, as indicated below:

CASTING POSTAL VOTES*

(see note **b** and **d** overleaf)

I/We ______________________________

of ______________________________

being shareholder/s of the above-named company desire my/our vote/s to be cast as indicated on the under-mentioned resolutions at the **Annual Meeting** of the Company to be held on **Thursday 10 November 2022** and at any adjournment thereof:

	FOR	AGAINST	ABSTAIN
Resolution 3 Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2021 be and are hereby approved.			
Resolution 4.1 Resolved that the audited financial statements of Terragri Ltd for the year ended 31 December 2021 be and are hereby approved.			
Resolution 4.2 Resolved that Mr Didier Harel be and is hereby re-elected as Director of Terragri to hold office as from 15 November 2021 and until the next Annual Meeting of Terragri.			
Resolution 4.3 Resolved that Mr Alexis Harel be and is hereby re-elected as Director of Terragri.			
Resolution 4.4 Resolved that the following persons be and are hereby elected as Directors of Terragri (as separate resolutions): (i) Mr Thierry de Labauve d'Arifat			
(ii) Mrs Kalindee Ramdhonee.			
Resolution 4.5 Resolved that the re-appointment of the auditors under section 200 of the Companies Act 2001 be and is her eby noted and that the Board of Terragri be and is hereby authorised to fix their remuneration.			
Resolution 5 Resolved that the Board of Terra, in its capacity as representative of Terra, the sole shareholder of Terragri, be and is hereby authorised to implement the resolutions passed pursuant to paragraphs 4.1 to 4.5 above at the Annual Meeting of Terragri.			

*** Please fill in either the proxy section or the postal vote one, but not both.**

P.T.O.

	FOR	AGAINST	ABSTAIN
Resolution 6.1			
Resolved that Mr Didier Harel be and is hereby re-elected as Director of Terra to hold office as from 11 November 2021 and until the next Annual Meeting of Terra.			
Resolution 6.2			
Resolved that Mr Henri Harel be and is hereby re-elected as Director of Terra.			
Resolution 6.3			
Resolved that the following persons be and are hereby elected as Directors of Terra (as separate resolutions):			
(i) Mr Thierry de Labauve d'Arifat			
(ii) Mrs Kalindee Ramdhonee.			
Resolution 6.4			
Resolved that the fees for the period from 01 July 2022 to 30 June 2023 be and are hereby fixed at MUR 41,250 per month and MUR 24,750 per Board sitting for the Directors of Terra; and MUR 82,500 per month and MUR 49,500 per Board sitting for the Chairperson of Terra.			
Resolution 7			
Resolved that the re-appointment of the auditors under section 200 of the Companies Act 2001 be and is her eby noted and that the Board of Terra be and is hereby authorised to fix their remuneration.			

Signed this________day of______________________ 2022.

____

Signature(s)

Notes

a. If this form is signed and returned without any indication as to how the proxy shall vote, he/she will exercise his/her discretion both as to how he/she votes and whether or not he/she abstains from voting.

b. According to law, an abstention is not considered as a vote and will not be counted in the calculation of the proportion of votes for or against a resolution.

c. To be effective, this form of proxy should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

d. To be effective, this notice of postal vote should be sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of Directors of the Company to receive and count the postal votes at the Annual Meeting and should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than forty-eight (48) hours before the time of holding the meeting.

The Group is sensitive to the promotion and awareness of sound environmental practice and has decided to use recycled paper for its Annual Report. There is a list below of frequently asked questions explaining the benefits of using recycled paper. In 2015, the Board had already invited shareholders to receive the Annual Report in electronic format, in line with the Practice Directions issued by the Registrar of Companies on 30 May 2014 and 26 February 2015.
To date, some 53% of shareholders have agreed to this.

This publication was printed on Lenza Green paper 100% recycled pulp. The star-rating classification system under the Check Your Paper scheme, created by WorldWildlife Fund, describes the environmental performance levels of paper products. This scheme raises awareness on key environmental parameters to evaluate the forest, climate and water footprint of pulp and paper products. It assesses the environmental impact of the pulp and paper produced. Lenza Green paper is rated five stars with regards to environmental performance: forests, climate change and aquatic ecosystems.

Forest performance: ☆☆☆☆☆

Climate performance: ☆☆☆☆☆

Water performance: ☆☆☆☆☆

Source: WWF-Check Your Paper (2010)
http://checkyourpaper.panda.org accessed 14 May 2019.

FAQ ON LENZA GREEN PAPER

Is recycled paper better for the environment than virgin paper?

YES. Recycled paper helps the environment in a number of ways:

- Recycling helps preserve forest, reducing demand for wood.
- Recycling avoids accumulation of waste sites and incinerators, which generate CO_2 emissions.
- Recycling lengthens the lifespan of paper, since fibres can be recycled 4 to 5 times.
- Producing recycled paper requires around 2 times less energy and 3 times less water than paper made with virgin pulp.

What Lenza Green paper made from?

Recycled paper produced of 100% recovered fibres certified FSC® (Forest Stewardship Council). FSC® is an international, non-governmental, non-profit making organisation created in 1993.

How is Lenza Green paper manufactured?

It is manufactured without chlorine bleaching, high whiteness thanks to a special converting process for recovered fibre.

Why we choose Lenza Green paper?

Products exhibit high opacity and good sheet formation as well as maximum ageing resistance.

Excellent usability given on all types of processing machinery for application from envelopes to annual reports.

Terra Mauricia Ltd | Beau Plan Business Park
Pamplemousses, Republic of Mauritius
www.terra.co.mu