MANAGEMENT AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS - YEAR ENDED

JUNE 30, 2020

MANAGEMENT AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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The Directors are pleased to submit the Annual Report of Management and Development Company Limited together with the audited financial statements for the year ended June 30, 2020.

All shareholders agree that the company need not prepare an Annual Report as per section 218(2) of the Companies Act 2001.

Approved by the Board of Directors on ......11 FEV 2021............
and signed on its behalf by:

)
) Directors
)

Date:

STATEMENT OF COMPLIANCE

Name of Public Interest Entity: **MANAGEMENT AND DEVELOPMENT COMPANY LIMITED**
Reporting Period: **JULY 1, 2019 TO JUNE 30, 2020**

We, the Directors of **MANAGEMENT AND DEVELOPMENT COMPANY LIMITED**, confirm that to the best of our knowledge, throughout the financial year ended June 30, 2020, **MANAGEMENT AND DEVELOPMENT COMPANY LIMITED** has complied with the Corporate Governance Code for Mauritius except for the following:

(a) Website

The Company does not have a website. However, a website is available for the ECLOSIA GROUP of which the Company is the holding entity.

Relevant governance documents of the Company have been posted on the said website.

(b) Composition and evaluation of the Board

Currently:
(i) there are no independent directors on the Board; and
(ii) there is no formal evaluation process at the level of the Board of the Company.

Despite these facts, the Members of the Board are satisfied that it is well balanced based on the knowledge of the organisation, skills and experience to allow the directors to discharge their responsibilities towards the Company and its shareholders effectively.

(c) Audit and Risk Committee

The Company does not have an Audit and Risk Committee since it acts solely as an investment holding entity.

The Company has, among its subsidiaries, listed companies and other large private companies categorised as "Public Interest Entities" ("PIEs") under the Code of Corporate Governance ("the Code").

The Board is therefore of view that, since those listed companies and PIEs already have a solid governance structure in place and have made their required reportings under the Code at June 30, 2020, it is not necessary for MANAGEMENT AND DEVELOPMENT COMPANY LIMITED to have an Audit and Risk Committee.

(d) Remuneration of executive directors

Remuneration of executive directors are not disclosed as they are considered sensitive information.

Explanation as to how these principles have been applied are provided in the Corporate Governance Report of the Company at June 30, 2020.

SIGNED BY:

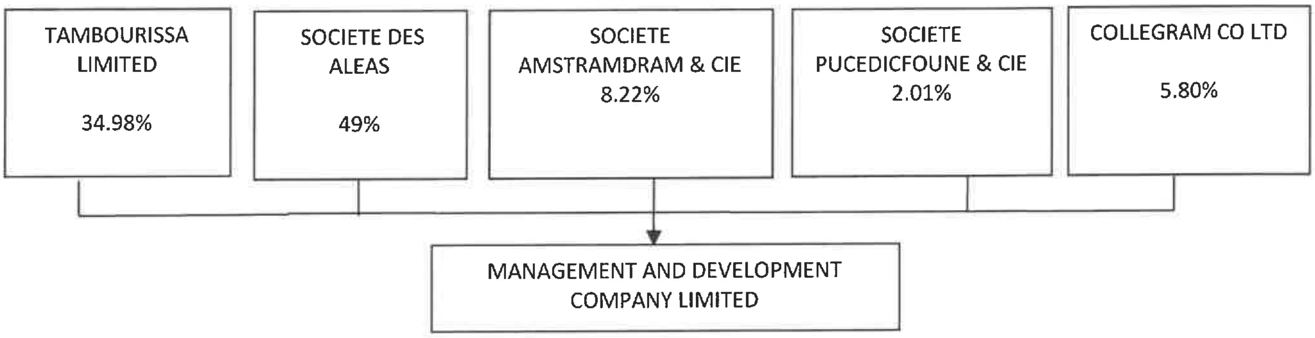
Michel de Spéville
Chairman

Director

Date: [ ] 11 FEV. 2021

1. SHAREHOLDING STRUCTURE

- The shareholding structure of the Company at June 30, 2020 was as follows:



- The Company's ultimate beneficial owner, at June 30, 2020, is Société Beauvoir Holdings.

1.1 Shareholders holding more than 5% of the Company

- At June 30, 2020, all the shareholders of the Company, except Société Pucedicfoune & Cie, held more than 5% of the Company. The shareholding of the Company was as follows:

Shareholders	No. of Ordinary Shares Held	%
Société des Aleas	7,034,905	49.00
Tambourissa Limited	5,021,870	34.98
Société Amstramdram & Cie	1,179,987	8.22
Collegram Co Ltd	832,489	5.80

1.2 Shareholders' Agreements affecting Governance of the Board

- There are no shareholders' agreements that affect the governance of the Company.

1.3 Annual Meeting

- Since Management and Development Company Limited ("MADCO") is a private company, all matters that require shareholders' approval are approved through a written resolution in lieu of an Annual or Special Meeting, as per the requirements of the Companies Act 2001.

2. CONSTITUTION

- The Constitution is in line with the Companies Act 2001.

- The Board may, if authorised by the Shareholders by Ordinary Resolution, issue Shares that rank equally with or in priority to, or in subordination to the existing Shares without any requirement that the Shares be first offered to existing Shareholders.

- Furthermore, no Share in the capital of the Company shall be sold or transferred by any Shareholder unless and until the rights of pre-emption hereinafter conferred have been exhausted.

THE GROUP STRUCTURE

- Below the structure of the Eclosia group, of which MADCO is the holding entity, at June 30, 2020:

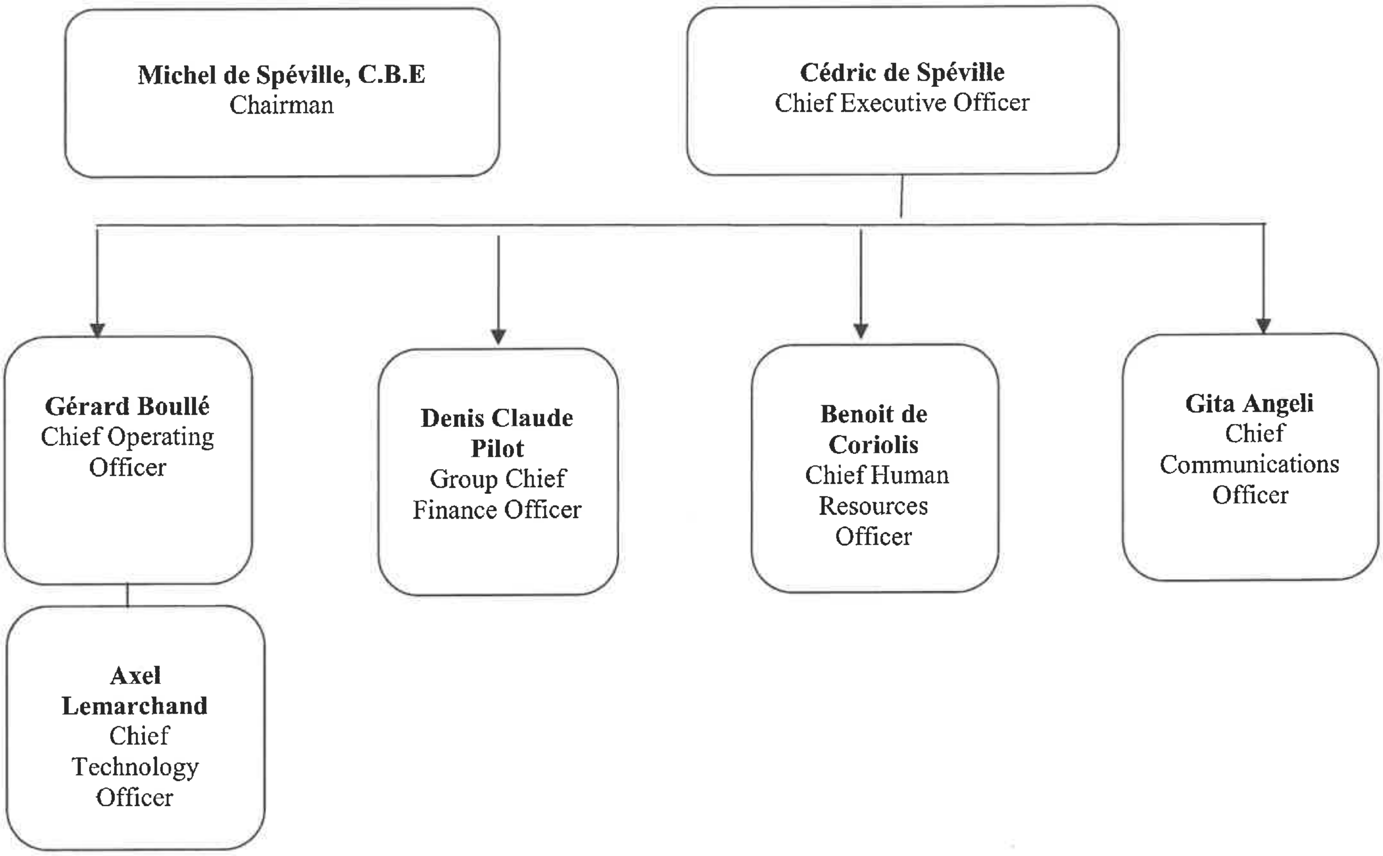
Subsidiaries and Associates of Management and Development Company Limited		
Name	Percentage holding	
	Direct	Effective
Avipro Co Ltd	100.0%	100.0%
Agrifarms Ltd		100.0%
New Maurifoods Limited		100.0%
Avitech SA		100.0%
Avipro International Co Ltd		100.0%
Avipro East Africa Limited		100.0%
Avipro International Rwanda Ltd		100.0%
Avipro Rwanda Ltd		100.0%
La Carrière Ltée		99.6%
Laboratoire Internationale de Bio Analyse		25.0%
Livestock Feed Limited	39.6%	62.8%
Agro Bulk Limited		62.8%
Les Pondeuses Réunies Ltée		62.8%
LFL Investment Ltd		62.8%
LFL Madagascar SA		62.8%
LFL International Rwanda Ltd		62.8%
LFL Rwanda Ltd		62.8%
Entreprise Céréalière de Madagascar SA		62.8%
PXP International Limited		62.8%
Mahe Distributors Limited		62.8%
Farmshop SARL		81.4%
Panagora Marketing Company Limited	100.0%	100.0%
Panagora Properties Ltd		100.0%
Panagora Madagascar SA		100.0%
Panagora (Seychelles) Limited		90.0%
Maurilait Production Ltée	96.6%	96.6%
Maurilait (Seychelles) Limited		89.6%
Maurilait SA		96.5%
Step Madagascar SARL		97.9%
Ferme Laitière de l'Avenir Ltée		91.6%
Premier Logistics Co Ltd	74.0%	86.7%
Freight and Transit Company Ltd		86.7%
Freight and Transit (South Africa) Proprietary Limited		52.0%
FTL International Limited		86.7%
FTL Regional Investments Ltd		86.7%
FTL Madagascar S.A.		86.7%
Jet Transit S.A.R.L		86.7%
Interex S.A.		43.4%

Subsidiaries and Associates of Management and Development Company Limited

Name	Percentage holding	
	Direct	Effective
Les Moulins de la Concorde Limitée	12.4%	36.6%
Concordia Investments Limited		36.6%
Amigel Ltd		36.6%
Premier Education Co Ltd	80.0%	87.3%
Charles Telfair Company Limited		61.4%
Indigo Hotels and Resorts Ltd	38.7%	60.9%
Tropical Paradise Co ltd	4.5%	32.3%
Hotel Chambly Limited		32.3%
Villas Chambly Ltd		32.3%
Pick 'N' Eat Ltd	86.0%	86.0%
Pick N Eat Madagascar SARLU		86.0%
Proxi Properties Ltd	100.0%	100.0%
Circus Properties Ltd		78.0%
Proxy Investments Ltd	100.0%	100.0%
Circus Advertising Company Limited	20.0%	70.0%
Circus Madagascar SARL		70.0%
La Ola Ltd		70.0%
Angel Fund Co Ltd		100.0%
Proxy Brokers Ltd		49.0%
FairFootball Ltd		45.0%
Foot Five Co Ltd		25.0%
CST (Mauritius) Ltd		25.0%
Touch Point Ltd		31.5%
Eclosia Corporate Services Ltd	100.0%	100.0%
Eclosia Secretarial Services Ltd	100.0%	100.0%
Eclosia Technology Services Ltd	100.0%	100.0%
Newskills Ltd	100.0%	100.0%
Madco Madagascar SARL	100.0%	100.0%
Société d'Investissements de Pêche Ltée	100.0%	100.0%
Société Aquarius	60.0%	74.6%
Panexport Co. Ltd	100.0%	100.0%
Oceanarium (Mauritius) Limited	34.8%	39.1%
Aquarium Management Services Ltd	50.0%	50.0%

3. THE ORGANISATIONAL STRUCTURE

- Below was the organisational structure of MADCO at June 30, 2020.



- The profiles of the senior management of Management and Development Company Limited at June 30, 2020 were as follows:

Michel de Spéville Chairman	The profile of Mr. Michel de Spéville, C.B.E is on page 2(h).
Cédric de Spéville Chief Executive Officer	The profile of Mr. Cédric de Spéville is on page 2(i)
Gérard Boullé Chief Operating Officer	Gérard Boullé is holder of a "Maîtrise de Gestion" from the University of Paris IX Dauphine in France. Mr Boullé is a former President of the Association of Mauritian Manufacturers and is also Member of the Board of several companies of the Eclosia Group. He is currently the Chairperson of Livestock Feed Limited, a listed company.
Denis Claude Pilot Group Chief Finance Officer	Denis Claude Pilot is a member of The Institute of Chartered Accountant of England and Wales (ICAEW) and holds a Bachelor's Degree in Accounting & Finance from Curtin University in Perth. He joined the Eclosia Group in 2010 after working several years with PwC in Australia. He spent three years at the Head-Office before taking up new challenges as the Finance Manager of Indigo Hotels & resorts in 2013. In beginning 2016, he was appointed Group Chief Financial Offer.

Benoit de Coriolis Chief Human Resources Officer	Holder of a Bachelor of Business Science of the University of Cape Town and of an MBA from the University of Surrey, Benoit de Coriolis has a solid experience in Human Resources in various sectors namely textile, beverage manufacturing and hotels industry. He also had a working experience in Africa. Benoit joined the Eclosia Group beginning 2014.
Gita Angeli Chief Communications Officer	Mixing Mauritian and Italian backgrounds, Gita landed in Mauritius in 2013. Having worked for more than 100 clients in American and European communication agencies, especially as the General Manager of FleishmanHillard in Paris and in Milan, she has a solid experience in building brand and communication strategies. Gita holds a Master's Degree in Political Science combined with History at La Sorbonne, followed by an Advanced Management Program from Harvard Business School.
Axel Lemarchand Chief Technology Officer	Having a financial and business administration background, Axel Lemarchand has a strong experience in consulting, in France and abroad, leading several business transformation projects for his clients for Deloitte, PriceWaterhouseCoopers Consulting and as Associate Partner at IBM Global Business Services. He joined the Eclosia Group in 2016.

- Except for Messrs. Michel and Cédric de Spéville who have indirect interests in the Company, none of the above senior officers hold shares in the Company.
- A formal process of succession planning is currently being put in place within companies of the Eclosia Group through the "Talent Management" program.

4. THE GOVERNANCE STRUCTURE

- MADCO is a private company and is classified as a Public Interest Entity as per the requirements of the Code of Corporate Governance.
- The Board of the Company assumes responsibility for leading and controlling the organisation and for meeting all legal and regulatory requirements. In addition, it ensures that the Company adheres to the principles of good governance.
- In that respect, a board charter and a directors' code of ethics have been adopted by the Board to ensure that the values of the Company also form an integral part of its governance. The said board charter and directors' code of ethics have been posted on the website of the Eclosia Group, of which the company is the holding entity.
- Those documents are reviewed as and when necessary and, in any case, every five years.
- Furthermore, all the employees of the Company adhere to the Code of Ethics of the Eclosia Group, of which MADCO forms part, which code reiterates the strong moral values which are an integral part of the Group's spirit.

- Along with its vision and mission, the Company promotes values such as integrity, dignity, quality, engagement and entrepreneurship. The Group Credo is communicated in the Company's induction and signed by all the employees.

- At Management and Development Company Limited and in the Eclosia group in general, we believe that the most important part of working together is to give the opportunity to employees to express themselves and interact with the management on a daily basis. As part of the Communication Structure, employees of the Eclosia Group are given, through regular management meetings and "Conseil d'Entreprises", the opportunity to interact with management and participate in the development of the respective companies of the Group.

- Moreover, the satisfaction level of employees, as stakeholders of the Eclosia Group of companies, is evaluated every two years through an engagement survey. The result of this survey is analysed in focus groups consisting of representatives of employees and an improvement plan is thereafter put in action.

5. THE BOARD STRUCTURE

5.1 The Board

- The Board, as the governing body, fully understands its role, responsibility and authority in setting out the strategy and monitoring the performance of the Company.

- The Company is headed by a unitary Board consisting at June 30, 2020 of eight members. The Members of the Board are satisfied that:

  (i) the Board is of an appropriate size, taking into account the organisation's turnover and its sector of activity;
  (ii) despite the fact that there is no independent director sitting on the Board, it is well balanced based on the skills, experience and knowledge of the organisation to allow the directors to discharge their responsibilities towards the Company and its shareholders effectively.

- The role and duties of the chairperson are separate from the Chief Executive Officer. The Chairperson of the Company, Mr Michel de Spéville and the Chief Executive Officer, Mr Cédric de Spéville have regular meetings to discuss matters of the Company, and the Eclosia Group in general, and the Board is satisfied that the Chairperson commits sufficient time to carry out his duties and responsibilities effectively.

- The role and duties of the Chairperson are set out in a Position Statement which has been adopted by the Board of the Company.

5.2 The composition of the Board

- At June 30, 2020, the composition of the Board and the interests of the directors in the Company were as follows:

No	Directors	Executive	Non-Executive	Independent	Non-Independent	Resident in Mauritius	Direct Shareholding in MADCO	Indirect Shareholding in MADCO	Directorship in Listed companies
							Ord %	Ord %	
1	Michel **de Spéville**, C.B.E. (Chairperson)	✓	-	-	✓	✓	-	58.70	4
2	Cédric **de Spéville** *	✓	-	-	✓	✓	-	0.74	4
3	Eric **Espitalier-Noël**	-	✓	-	✓	✓	-	3.55	6
4	Hector **Espitalier-Noël**	-	✓	-	✓	✓	-	3.66	7
5	Pierre-Yves **Pougnet**	-	✓	-	✓	✓	-	-	4
6	Gilles **Michel**	-	✓	-	✓	✓	-	-	-
7	Astride **Camilleri**	-	✓	-	✓	✓	-	0.74	-
8	Géraldine **Darpoux**	-	✓	-	✓	✓	-	0.74	-

* Also alternate to Michel de Spéville

- Below were the profiles of the directors of the Company at June 30, 2020:

1 Michel de Spéville, C.B.E. (Chairperson)

Founder President of the Eclosia Group. Founder and Senator of the "Jeune Chambre Economique de l'Ile Maurice". Elevated to the rank of "Commander of the Order of the British Empire" (C.B.E). Honorary Citizen of Moka-Flacq District of Mauritius. "Honorary Fellow Agribusiness", University of Mauritius. Elevated to the rank of "Chevalier de l'Ordre de Mérite de Madagascar". Elevated to the rank of "Chevalier de la Légion d'Honneur de France". Chairman and Member of the Board of various companies of the Eclosia Group. A former President of the Mauritius Chamber of Commerce & Industry and a former President of "L'Institut de la Francophonie pour l'Entrepreneuriat" (IFE).

Directorships in listed companies: Livestock Feed Limited, Fincorp Investment Ltd, Les Moulins de la Concorde Ltée and Tropical Paradise Co. Ltd.

2 Cédric de Spéville

Obtained a "Maîtrise en économie" from the University of Paris I Panthéon Sorbonne in 2001. He also completed an MSc in Accounting and Finance at the London School of Economics in 2003 and obtained a Masters in Business Administration from Columbia Business School in 2007. He was Consultant for COFINTER in Paris from 2002 to 2003 and joined the Eclosia Group in 2003. In January 2013, Cédric de Spéville was appointed Group Chief Executive Officer. He is a director of various companies of the Eclosia Group, a former President of the Mauritius Chamber of Commerce and Industry, a former President of Business Mauritius and a former Member of the Economic Development Board of Mauritius.
Directorships in listed companies: Livestock Feed Limited, Les Moulins de la Concorde Ltée, Tropical Paradise Co. Ltd and Mauritius Freeport Development Co Ltd.

3 Gilles Michel

Gilles Michel, a French national, started his career at l'ENSAE and then worked for the World Bank in Washington D.C before joining, in 1986, the Saint-Gobain group where he occupied several posts before being appointed President of the "Céramiques et Plastiques" branch in 2000.

In 2001, he joined the PSA Peugeot-Citroën group as "Directeur des Plates-Formes, Techniques et Achats" and was then appointed Director of the Citroën brand and member of the "Directoire" of Peugeot S.A.

In December 2008, Gilles Michel was appointed director of the "Fonds Stratégique d'Investissement" until November 2010, when the joined Imerys as "Directeur Général Délégué".

Gilles Michel was "Président Directeur Général" of Imerys from 2011 until he retired in 2020.

In Mauritius, Gilles Michel sits on the Board of various companies namely IBL Ltd, Charles Telfair Company Limited, Maurilait Production Limitée and Management and Development Company Limited.

Gilles Michel is holder of degrees from "L'Ecole Polytechnique", "L'Ecole nationale de la statistique et de l'administration économique » and from « L'Institute d'études politiques » in Paris.

Directorship in listed companies : IBL Limited

4 Eric Espitalier-Noël

Holds a Bachelor's degree in Social Sciences and an MBA. He has an extensive experience in the commercial and hospitality sectors being a board member of various companies evolving in those sectors. He was first appointed to the Board of Livestock Feed Ltd in 1991 and is currently the Chief Executive Officer of ENL Commercial Limited.

Directorship in other listed companies: Automatic Systems Ltd, Commercial Investment Property Fund Limited, ENL Limited, Rogers & Co Ltd, Les Moulins de la Concorde Ltée and Tropical Paradise Co. Ltd (alternate director).

5 Hector Espitalier-Noël

Born in 1958, Mr. Hector Espitalier-Noël is a member of the Institute of Chartered Accountants in England and Wales. He worked with Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is presently the Chief Executive of ENL Limited. He is also Chairman of New Mauritius Hotels and Bel Ombre Sugar Estate Ltd as well as being a Director of several companies listed on the Stock Exchange of Mauritius.

He is also a past President of Rogers and Company Ltd, Mauritius Chamber of Agriculture and the Mauritius Sugar Syndicate. Mr. Hector Espitalier-Noël was appointed Director on the Board of Tropical Paradise Co. Ltd on 31 May 1996.

Directorship in listed companies: Ascencia Limited, ENL Limited, New Mauritius Hotels, Rogers & Co Ltd, Swan General Ltd, Swan Life Ltd and Tropical Paradise Co. Ltd.

6 Pierre-Yves Pougnet

Pierre-Yves Pougnet is an accountant by profession. He started his career with an audit firm. In 1975 he joined the Eclosia Group where he occupied executive functions, amongst which, Managing Director of Panagora Marketing Company Limited and subsequently Managing Director of Food & Allied Industries Ltd (now Avipro Co Ltd). He was the Vice Chairman of the Eclosia Group when he retired in 2015.

Directorship in listed companies: Livestock Feed Limited, P.O.L.I.C.Y. Limited, Tropical Paradise Co. Ltd and Les Moulins de la Concorde Ltée.

7 Astride Camilleri

Astride Camilleri (de Speville) obtained her BSc in Sociology and HRM from the University of Bath in 2006. She moved to Malta after university, where she worked in HR in the insurance sector for a couple of years before dedicating her time to her family.

8 Géraldine Darpoux

Born in Mauritius in 1978, Géraldine studied Political Science at "l'Institut de Sciences Politiques de Toulouse" in France before completing a Master 2 in "Management des Institutions Culturelles" at the University of Paris-Dauphine. She was responsible for the cultural activities of the "Centre Culture Français" of Cambodia from 2003 to 2005 and was thereafter Consultant in "accompagnement du changement" at the BPI Groupe, France, from 2006 to 2011.

From 2011 to 2015, Géraldine went back to Cambodia where she worked for the NGO "Phare Poleu Selpak" for the launch of a "Phare Circus", a social and cultural enterprise.

She then moved to Mozambique from 2015 to 2020 where she created a co-working space and plateform for young Mozambican artists, "16NetO".

Back in France since July 2020, Géraldine remains involved with "16NetO".

5.3 Common directors

- The names of the common directors within the holding structure are:

NO	DIRECTORS	CCL	SAC	SDA	SPC	TL
1	Michel **de Spéville**, C.B.E. (Chairman)	✓	✓	✓	✓	-
2	Gilles **Michel**	-	-	-	-	-
3	Cédric **de Spéville** *	✓	-	-	-	-
4	Eric **Espitalier-Noël**	-	-	-	-	✓
5	Hector **Espitalier-Noël**	-	✓	-	-	✓
6	Astride **Camilleri**	-	-	-	-	-
7	Pierre-Yves **Pougnet**	-	-	-	-	-
8	Géraldine **Darpoux**	-	-	-	-	-

* Also alternate to Michel de Spéville

Key:

AVIPRO - Avipro Co Ltd	SDA - Société des Aléas
CCL - Collegram Co Ltd	SPC - Société Pucedicfoune & Cie
SAC - Société Amstramdram & Cie	TL - Tambourissa Limited

5.4 Directors' dealings in securities of the Company

- None of the directors of the Company hold shares directly in the Company.

5.5 The Company Secretary

- The representatives of the Company Secretary, Eclosia Secretarial Services Ltd, are Associates of the Chartered Institutes of Secretaries of the United Kingdom. They complete a minimum of twenty hours on training and skill development annually as required by the Institute.
- The Company Secretary has access to Board Members and has been assigned the task of applying and implementing the principles of the Code by the Board.
- The duties of the Company Secretary have been set out in a terms of reference which has been adopted by the Board. The said terms of reference have been posted on the Eclosia Group website.

5.6 Board committees

5.6.1 The Audit and Risk Committee

- The Company does not have an Audit and Risk committee since it acts solely as an investment holding entity.
- The Company has, among its subsidiaries, listed companies and other large private companies categorised as "Public Interest Entities" ("PIEs") under the Code of Corporate Governance ("the Code").
- The Board is therefore of view that, since those listed companies and PIEs already have a solid governance structure in place and have made their required reportings under the Code at June 30, 2020, it is not necessary for MADCO to have an Audit and Risk Committee.

5.6.2 The Corporate Governance Committee

- The board has entrusted to the respective Boards of the Eclosia's group listed companies and "Public Interest Entities" to ensure that each of those companies comply with prevailing corporate principles and that they act responsibly and responsively towards their stakeholders.

5.7 Attendance to Board and committee meetings

- The attendance of the Directors and Committee Members for the financial year ended June 30, 2020 was as follows:

No.	Directors	Board Attendance 2 Meetings
1	Michel **de Spéville**, C.B.E.	2/2
2	Cédric **de Spéville**	2/2
3	Eric **Espitalier-Noël**	2/2
4	Hector **Espitalier-Noël**	1/2
5	Gilles **Michel**	1/2
6	Pierre-Yves **Pougnet**	2/2
7	Astrid **Camilleri**	2/2
8	Géraldine **Darpoux**	2/2

6. DIRECTORS' APPOINTMENT PROCEDURES

6.1 Appointment procedures

- The Constitution of the Company provides for retirement of directors by rotation.
- Moreover, according to the Company's Constitution, in cases of casual vacancies, the Board can appoint someone to serve as director of the Company until the next Annual Meeting, where his election will be ratified.
- Appointment of directors on the Board of the Company is done according to the provisions of the Constitution.
- A letter of appointment for non-executive directors has been adopted by the Board and will be formalised with respect to non-executive directors of the Company.

6.2 Induction and orientation

- The Company has a formal induction process. Upon a director's appointment, the latter receives an induction and orientation programme where he is invited to visit the Company and familiarize with its operations. The director also receives, through an induction pack, copies of minutes of the three last board meetings held prior to his appointment, the past three financial statements, the mission statement of the Company and relevant legislations which shall enable him to know the duties and obligations of being a director.
- The responsibility of the induction process lies with the Chairperson of the Board.

6.3 Professional development

- The Company provides the opportunity to its directors to develop their knowledge and skills through workshops and development programmes.

7. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

7.1 Directors' duties

- Upon a director's appointment, the relevant legislations pertaining to the legal duties of acting as a director on the Board of the Company are communicated to him through the induction pack.
- In addition, a board charter, setting out all the directors duties and responsibilities with respect to the board governance, has been adopted by the Board of the Company and has been posted on the Eclosia Group website.

7.2 Code of ethics

- A code of ethics for the directors of the Company has been adopted by the Board and has been posted on the Eclosia Group website. The said code of ethics is reviewed as and when necessary and, in any case, every five years.
- The said code of ethics provides guidance to the directors in dealing with ethical issues, conflicts of interests and related party transactions.

7.3 Conflicts of interest

- The Company Secretary maintains an interest register for the Members of the Board. It is, however, the responsibility of each director to ensure that any interests be recorded in this register.
- According to the provisions of the Company's constitution, whenever there is an actual or potential conflict of interest, the director concerned needs to declare his interests and the said interests must be entered in the interests register. The director will thereafter be counted in the quorum and can debate or vote on the matter.

- Specific provisions relating to directors' conflicts of interests and related-party transactions are included in the directors' code of ethics.

7.4 Information, Information Technology and Information Security governance

- The Group IT Committee (GIT) has been mandated to provide the necessary directions with regards to strategy, infrastructure, security and operations management in relation to information, communication, and technology systems within MADCO and the Eclosia Group in general. Three sub-committees have been created to support the GIT in meeting its objectives, namely Digital Innovation and Technical Management, Enterprise Architecture and Standards and IT Security and Solution Endorsement. When required, these sub-committees join forces to give an assurance to the Group that their Information System project is within the define framework and standard of the Group.

- Resilience of the Group's IT infrastructure has been tested via a Vulnerability and Penetration Tests assignment and recommendation highlighted by the Service Provider are being implemented. In parallel, the Group has initiated a "Cybersecurity Journey" to define a clear, accurate and tailor-made road map for each company of the Eclosia Group with the objective to protect the right information asset with the right technology at the right cost.

- An IT policies and Procedure (ITPP) Manual comprising of 32 policies and 200 control points is also operational throughout the Group and audited by the Group IT Audit Department, which is accountable to the Audit & Risk Committees of each company of the Group, on a 2 years roll over program to ensure that they are properly implemented and followed. Extracted from the ITPP Manual, an End User IT Security Policy is remitted to all new recruit and must be adhered to by all the employees.

- Furthermore, in order to optimise the Group's business operations and decision-making processes, a common Enterprise Resource Planning system is being implemented with the assistance of a dedicated team comprising of both internal and external resources.

- This robust IT Governance Framework and initiatives proves that Information Management, Information Technology and Information Security is at the heart of the Eclosia Group's operations and that no efforts will be spared to maintain a reliable and secured IT environment.

7.5 Board information

- Relevant board information are provided to the Board members in a timely manner to enable them to have sufficient time to study the matters that will be discussed at the meetings and make appropriate decisions.

- Where necessary, directors may have access to independent professional advice at the Company's expense, subject to the formal approval of the Chairperson, to enable them to discharge their responsibilities.

- A Directors' and Officers' Liability cover is in place for directors and senior officers of the Company and its subsidiaries.

7.6 Board evaluation

- There is no formal evaluation process at the level of the Board of the Company.

7.7 Remuneration

- The fees for Members of the Board and Audit and Risk Committee at June 30, 2020 were as follows:

Type of meeting	Chairperson Annual Retainer Rs	Chairperson Meeting Fee Rs	Directors Annual Retainer Rs	Directors Meeting Fee Rs
Board meeting	80,000	8,000	50,000	8,000

- The fees paid to the directors of the Company for the financial year ended June 30, 2020 were as follows:

No	Directors	Board Fees
		Rs.
1	Michel **de Spéville**, C.B.E.	-
2	Cédric **de Spéville**	-
3	Eric **Espitalier-Noël**	66,000
4	Hector **Espitalier-Noël**	58,000
5	Gilles **Michel**	58,000
6	Pierre-Yves **Pougnet**	66,000
7	Astride **Camilleri**	66,000
8	Géraldine **Darpoux**	66,000

- Executive directors of the Company are not remunerated for sitting on the Board of the Company.
- Non-executive directors have not received any remuneration in the form of share options or bonuses associated with the performance of the Company.

7.7.1 Statement of Remuneration Philosophy

- A formal statement of Remuneration philosophy has been adopted by the Board of the Company. The philosophy is to offer a competitive package that will attract, retain and motivate directors and employees of the highest calibre and recognize value-added performance, whilst taking into account its own financial position.
- In that respect, the remuneration offered to each category of jobs within the Company, and the Eclosia group in general, has been benchmarked and aligned with the current market rate.
- Moreover, the directors' fees are also benchmarked on market norms and reviewed on a regular basis by the Board.

8. RISK GOVERNANCE AND INTERNAL CONTROL

8.1 Risk governance

- The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving the Group's strategic objectives. However, since the Company is solely an investment holding entity and that the Groups' companies have their individual reporting structures, the Boards of each of those companies have entrusted to their respective Audit and Risk Committees the responsibility to ensure that their Management identifies and manages all their inherent risks on a regular basis and, amongst other initiatives, keeping a Risk Register.

- In that respect, the management of each of the group's companies has set up a risk management process to identify and manage their respective risks and a risk register containing their top 10 risks has been set up and is monitored on a regular basis. The said risks and the risk management process are monitored and evaluated by the respective Audit and Risk Committees at least once a year.

- Those Risk Registers are subdivided into categories namely operational, legal, quality, human-resources, commercial, strategic, financial, information technology and natural risks.

- Adequate insurance policy covers have been taken to mitigate these risks where applicable. Those insurance policies have been established based on the advice of an insurance broker.

- The main risks for the Eclosia Group include:

(a) Operational

Operational risks include all processes and sub processes from the time the raw materials are delivered to our premises and during production, to the point of receipt by the customer. The inability to produce and deliver for a period of time would not only have financial implications but also create customer dissatisfaction and harm the Group's reputation. It also includes IT downtime. Measures already taken to manage the risk include fire detectors, alarms, emergency response procedures established amongst others.

(b) Strategic and Business

The Group carries out a strategic planning exercise every three years. During this process the macro economic and environmental conditions as well as sectorial and internal factors of the group are analysed to identify opportunities and threats for each segment in which it operates. Action plans are then put in place in the yearly budget.

(c) Legal & Commercial

The Group minimises legal and commercial risks by consulting in-house and external Legal Counsels, who provide legal advice on relevant files as and when required. The legal and compliance departments also assist Business Units in complying with applicable laws and regulations in force.

(d) Competition

The industry operates within a marketplace where competition is growing. To remain competitive, the Group continues to refresh its marketing strategy in order to retain existing customers and generate new business, and provide necessary credit facilities to clients. In order to manage credit risk, the Group has subscribed to a credit insurance for the coverage of some of the non-group clients. This year with the advent of Covid-19, the Group has to be more focused on the strategy forward. Demand is decreasing and we have to very proactive in order to retain existing customers and secure our business. Also, control has been tightened on recoveries and advance of disbursement.

(e) Talent Management and Succession Planning

Staffing is critical for the Group and the execution of the overall strategy depends on its ability to attract, develop and retain employees with appropriate skills. To that end, the Group continuously enhance employee engagement supported by a strong performance management system, recognition, organise staff rotation, training and development programs.

(f) Cybersecurity and information security

Cybersecurity is a concern. The occurrence of cyber risks could disrupt business operations and lead to reputational and monetary damages. We are today more and more dependent on information technology and most of our stakeholders are now web-based operated. This create certain vulnerabilities. The Group has yearly IT audits carried out by both internal and external auditors and implements enhancements to its IT environment where necessary. The Group IT Policies and Procedures Manual provides guidelines and recommends best practices to all the companies and their level of compliance is regularly assessed by the Group IT Audit Department.

(g) Natural and political events

The Group performance can be adversely affected by external events such as natural disasters, pandemic, terrorism, riots and other political or social unrest.

Insurance requirements are regularly reviewed to ensure appropriate coverage. In addition, a disaster recovery plan has been put in place and is continuously being updated on a yearly basis. The disaster recovery plan enables the group to respond to major incidents and emergencies.

(h) Liquidity

The Group has in place overdraft line facilities with its banks and relies on borrowing lines intra-group.

(i) Financial Sustainability

Financial risks which have been identified as being those which could materially impact on the financial performance of the Group are listed in note 3 to the financial statements.

(j) Compliance

Compliance include risks related to non-compliance of quality/ government bodies, political decisions, events or conditions of environmental Laws, reporting and disclosure requirements and the code of corporate governance.

(k) Health, Safety and Environmental

The Group is exposed to events that can affect its employees. These risks are managed by means of constant auditing, and training in matters of environmental protection as well as occupational health and safety. In order to ensure the good running of plants and equipment, occupational risks at all operational locations are constantly monitored. By adhering to high technical standards, rules of conduct, and all legal requirements in environmental protection and occupational health and safety, the Group ensures that its employees' health is not at risk.

With the break out of Covid-19, appropriate measures have been taken to ensure social distancing in the office, recording of contact details of all visitors and temperatures checks at the entrance for every person entering the premises. Work from Home was also implemented.

(l) Business Interruption due to infectious disease outbreak

The closure of Mauritian borders and the restrictions on movement of people in relation to the COVID-19 pandemic have had a devastating impact on the travel and tourism industry and the Group have been confronted with a sharp decline in Revenue. In light of the above, the Group primary focus turned to liquidity management and has moved to reduce fixed expenses and is constantly evaluating further cost saving measures. Given the current business climate and closure of borders, continued Government support to mitigate impacts on the economy and society and access to additional financing to continue operations are vital. The Group priorities remain the protection of assets and safeguarding employment to avoid severe social consequences.

8.2 Internal control

- A sound internal control system is in place at the level of the Group.

- The Boards of each of the Group's companies have entrusted to their Audit and Risk Committees the responsibility to report on the effectiveness of Internal Control. Therefore, based on reports from the Internal and External auditors, the Audit and Risk Committees assess the internal control in place and provide assurances to their respective boards.

- The system of internal controls within the group encompasses all controls including those relating to financial reporting processes, quality management, operational and compliance controls. These systems are continuously reviewed by Internal Audit to ensure their effectiveness and continual improvement.

- Furthermore, procedures are in place within the companies of the Eclosia group to guarantee protection for employees informing management of wrongdoing and irregularities against any potential retaliation or retribution. Every employee is encouraged to report suspected event/s to his/her direct reporting line and if uncomfortable or otherwise reluctant to do so, then the employee must report the event/s to the next highest or another level of management.

9. AUDIT

9.1 Internal audit

- The internal audit function of the Eclosia Group is carried out by Eclosia Corporate Services Ltd which has a team of qualified professionals with extensive experience in auditing, fraud examination, risk management, information systems security, governance, food safety and factory operations and maintenance.

- The Board of each companies of the Group, with the assistance of the Audit and Risk Committee and the Internal Auditor, monitors the effectiveness of internal controls.

- The Internal Auditors follow an established system of internal control and policies which ensure that the control objectives are attained.

- The Internal Audit team has an independent appraisal function which reviews the adequacy and effectiveness of internal controls and the systems that support them. This includes controls at both the operational and financial levels as well as offering guidance to Management of each company of the group in relation to the evaluation of overall business risks and actions taken to mitigate such risks.
- Weaknesses identified by the Internal Auditors during their reviews are brought to the attention of the Management and the respective Audit & Risk Committees formally by way of risk rated structured reports. These comprise of the results of the current review together with updates on the corrective actions taken by Management to improve control systems and procedures.

- The Internal Audit Manager attends and reports on his findings at the companies' respective Audit and Risk committees. Thereafter, the Chairman of each Audit and Risk Committee brings to its respective Board any material issues requiring special attention of the Directors.

- The purpose, authority and responsibility of the Internal Auditors are formally defined in its Charter.

- The Group Internal Audit team has the authority to access and examine all information, both paper-based and electronic documents as well as inspect physical assets.

- The objectives of the reviews performed by the Internal Audit function are to give assurance on the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations as well as on the reliability of financial reporting.

9.2 External Auditors

- The external auditor of the Company is currently BDO & Co.

- A tendering process has been put in place, within the Eclosia group, for selection of the external auditors of the companies of the group.

- The Audit and Risk committees of each company review the audit plan and fees of the external auditor prior to the yearly audits.

- The Audit and Risk committees meet once a year with the external auditors to review each Company's financial statements, management and representation letter and to assess the effectiveness of the external audit process. Furthermore the performance of external auditors is assessed yearly by both the management and the Audit and risk committees of the respective companies of the Group. The criteria used for such assessment is as follows :

    - Quality of Services provided
    - Sufficiency of Audit Firm and Network Resources
    - Independence, Objectivity and Professional Scepticism

- There were no significant issues identified in relation to the last financial statements of the Company and its subsidiaries.

- The audit fees of the external auditor for the financial year 2019/2020 were as follows:

    (i) For the company: Rs. 196,000, that is comparable to the fees paid in 2018/2019;
    (ii) For the group : Rs 9,510,731 as compared to Rs. 6,756,700 for 2018/2019.

- Management has ensured that the external auditors apply appropriate safeguards, such as different engagement partners and segregated teams, when the external auditors provide non-audit services.

10. SHARE PRICE

- The share price information is not available as the Company is a private one.

11. SHARE OPTION PLAN

- The Company does not have a Share Option Plan.

12. DIVIDEND POLICY

- The Company has no defined dividend policy as such and pays dividends based on its current profitability and the liquidity requirements of the Company.

13. RELATED PARTY TRANSACTIONS

- Related party transactions are disclosed in note 35 of the accounts and are on normal commercial terms and in the normal course of business.

14. CONTRACT OF SIGNIFICANCE WITH A SUBSTANTIAL SHAREHOLDER

- No contract of significance exists between the Company and its shareholders.

15. CONTRACT OF SIGNIFICANCE WITH A DIRECTOR

- There is no contract of significance between the Company and its directors.

16. MAJOR EVENTS

Event	Month
Approval of Audited Financial Statements	October
Dividend Declaration	May
Dividend Payment	June

17. DONATIONS

- Donations by the Company for the year under review were:

	Company	
	2019	2020
	Rs'000	Rs'000
Charitable Donations	175	58
Political Donations	200	Nil

18. CORPORATE SOCIAL RESPONSIBILITY

- MADCO, through the Fondation Solidarité of the Eclosia Group, contributes to national projects in particular towards poverty alleviation and community development in line with CSR guidelines.

- This year, the Group supported 16 projects in partnership with 19 NGO's and reached 2,225 beneficiaries.

- In the midst of the pandemic, the Group also supported food alleviation initiatives and donated more than 44T of products to feed vulnerable populations.

- A total contribution of Rs2.3M was also donated to the National Covid Solidarity Fund.

19. ENVIRONMENT

- The Sustainability Department of Eclosia Corporate Services Ltd is responsible for guiding all group companies in the integration of environmental stewardship practices in their related activities.

- All group companies adhere to the commitment of Eclosia Group to protect the natural environment by limiting the impact of its activities on the environment, using natural resources responsibly, providing eco-responsible services and adopting sustainable practices.

- Companies have environmental and quality management teams that follow international environmental stewardship standards and the Eclosia Group environmental management framework. This framework considers the control of carbon footprint; the reduction and recycling of waste, effluents and emissions; efficient energy consumption and the integration of renewable energy resources in company operations.

- The environmental performance of group companies is reviewed annually and the adoption of production methods and practices that are better for the environment is continually encouraged.

- Over and above the certifications of some of the Group's companies to ISO 14001 standards, many participate in voluntarily national programs and working groups for energy efficiency, waste management and coastal and lagoon preservation.

20. HUMAN RESOURCES

- The year 2019 – 2020 witnessed the introduction of a formal "Organisation & People Review (OPR)" process at company and group level with a dual purpose:

  - Ensuring that each company's (and the group's) strategy and objectives in the short to medium term is well understood, especially in terms of their impact on jobs and the specific skills and competencies required to ensure success.
  - Reviewing our internal Talent and building career paths in line with the Group's needs.

- The initiative kicked off in October 2019 and reviews performed for close to 450 internal talents, with roughly a quarter from the region. This enabled us to identify potential "Future Leaders", with an "AA" rating in terms of performance and potential, or those considered as "Growth employees", amongst others. Specific initiatives in terms of development and/or support are then agreed and actioned, and progress measured in the following year's OPR.

- Furthermore, we have also completed the alignment of the Performance Management system across the group. The new system integrates the Leadership Competencies with focus on supporting our colleagues to be successful at their current leadership level, as well as introducing competencies required for further progress.

21. HEALTH AND SAFETY

- In addition to the recurring services to the companies within the Group, aimed at ensuring compliance to OSHWA and Safety & Health Laws through regular audits and specific training and coaching, the Health and Safety unit contracted two Occupational Doctors since July 2019. The purpose, in line with Law, is to support Management to prevent eventual occupational diseases and treat any work-related illnesses and injuries of employees.

SANDRINE MOUSSA
ECLOSIA SECRETARIAL SERVICES LTD
SECRETARY

Date: [ ] 2020

11 FEV 2021

STATEMENT OF DIRECTORS RESPONSIBILITIES WITH RESPECT TO FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for:

(i) Adequate accounting records and maintenance of effective internal control systems;
(ii) The preparation of financial statements which fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS) and the Companies Act 2001;
(iii) The selection of appropriate accounting policies supported by reasonable and prudent judgments.

The report of the external auditors confirming that the financial statements are fairly presented is on page 4 to 6.

The Directors report that:

(i) Adequate accounting records and an effective system of internal controls and risks management have been maintained;
(ii) Appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
(iii) International Financial Reporting standards have been adhered to. Any departure in 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 not been compliance.
(v) They consider that the annual report and accounts, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position, performance and outlook.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's systems of control. The systems have been designed to provide the directors with reasonable assurance that assets are safeguarded, that transactions are authorized and properly recorded and that there are no material errors and irregularities.

An internal audit system is in place to assist management in the effective discharge of its responsibilities.

RISK MANAGEMENT

The Directors acknowledge their overall responsibility for maintaining a sound and effective system of internal controls to safeguard the Company's assets and shareholders' interests.

The Board accepts overall responsibility for risk management and ensures that Management has taken appropriate measures to mitigate risks.

Michel de Spéville
Chairperson

Director

Date: [ ] 11 FEV. 2021

SECRETARY'S CERTIFICATE - JUNE 30, 2020

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

ECLOSIA SECRETARIAL SERVICES LTD
Corporate Secretary

Date: 11 FEV. 2021

BDO

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Management and Development Company Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Management and Development Company Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 7 to 107 which comprise the statements of financial position as at June 30, 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 7 to 107 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2020, 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 Companies Act 2001.

Basis for Opinion

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 Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and secretary's certificate, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Management and Development Company Limited

Other information (cont'd)

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance 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 Financial Reporting Act, complied with the requirements of the Code.

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

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

In preparing the financial statements, the directors are responsible for assessing the Group 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
To the Shareholders of Management and Development Company Limited

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001
We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all 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.

Other Matter

This report is made solely to the members of Management and Development Company Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co

BDO & CO
Chartered Accountants

Didier Dabydin, FCA
Licensed by FRC

Port Louis,
Mauritius.
11 FEB 2021

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2020

		THE GROUP			THE COMPANY	
			Restated	At July 1, 2018 Restated		
ASSETS	**Notes**	**2020**	2019		**2020**	2019
Non-current assets		**Rs000's**	Rs000's	Rs000's	**Rs000's**	Rs000's
Property, plant and equipment	5	**9,418,508**	9,060,417	4,860,502	**-**	-
Right-of-use assets	5A	**750,867**	-	-	**-**	-
Investment properties	6	**280**	280	670	**-**	-
Intangible assets	7	**561,647**	587,171	410,626	**-**	-
Investment in subsidiary companies	8	**-**	-	-	**1,277,267**	1,247,310
Investment in associates	9	**13,630**	11,390	694,852	**-**	-
Investment in joint venture	10	**4,538**	4,697	5,939	**-**	-
Financial assets at fair value through other comprehensive income	11	**189,897**	221,264	211,496	**28,702**	26,938
Financial assets at amortised cost	12	**14,218**	5,797	6,501	**17,300**	19,059
Biological assets	13	**6,165**	5,600	-	**-**	-
Deferred tax assets	14	**19,287**	5,849	18,418	**-**	-
		10,979,037	9,902,465	6,209,004	**1,323,269**	1,293,307
Current assets						
Inventories	15	**2,481,246**	1,833,726	923,737	**-**	-
Biological assets	13	**170,209**	182,699	-	**-**	-
Trade and other receivables	16	**949,711**	1,195,741	1,496,070	**9,386**	9,684
Financial assets at amortised cost	12	**-**	-	-	**148,333**	77,489
Prepayments and other receivables	17	**688,844**	535,337	-	**559**	5,728
Current tax assets	18	**25,130**	25,633	5,648	**-**	-
Derivative financial instruments	19	**8,823**	17,032	16,286	**-**	-
Cash and cash equivalents	32(c)	**653,803**	829,016	410,003	**17**	40,480
		4,977,766	4,619,184	2,851,744	**158,295**	133,381
Non-current assets classified as held for sale	20	**602**	9,914	-	**-**	-
Total assets		**15,957,405**	14,531,563	9,060,748	**1,481,564**	1,426,688
EQUITY AND LIABILITIES						
Capital and reserves *(attributable to owners of the parent)*						
Share capital	21	**143,582**	143,582	73,876	**143,582**	143,582
Other reserves	22	**1,487,941**	1,646,624	661,875	**(26,968)**	(19,194)
Retained earnings		**4,479,802**	4,394,579	2,200,336	**1,296,319**	1,257,990
Owners' interests		**6,111,325**	6,184,785	2,936,087	**1,412,933**	1,382,378
Non-controlling interest		**2,761,807**	2,686,358	2,536,835	**-**	-
		8,873,132	8,871,143	5,472,922	**1,412,933**	1,382,378
Non-current liabilities						
Retirement benefit obligations	23	**817,705**	591,376	406,749	**48,285**	38,366
Borrowings	24(a)	**1,685,341**	1,266,502	702,824	**-**	-
Lease liabilities	5B	**611,424**	-	-	**-**	-
Deferred tax liabilities	14	**641,029**	673,654	318,804	**-**	-
		3,755,499	2,531,532	1,428,377	**48,285**	38,366
Current liabilities						
Borrowings	24(b)	**1,914,700**	1,901,389	920,377	**7,967**	-
Lease liabilities	5B	**68,262**	-	-	**-**	-
Trade and other payables	25	**1,206,151**	1,107,276	1,166,392	**12,379**	5,944
Contract liabilities	27(d)	**89,257**	58,566	-	**-**	-
Current tax liabilities	18	**50,404**	59,458	72,680	**-**	-
		3,328,774	3,126,689	2,159,449	**20,346**	5,944
Total liabilities		**7,084,273**	5,658,221	3,587,826	**68,631**	44,310
Liabilities associated with non-current assets held for sale	20	**-**	2,199	-	**-**	-
Total equity and liabilities		**15,957,405**	14,531,563	9,060,748	**1,481,564**	1,426,688

These financial statements have been approved for issue by the Board of Directors on: 11 FEV 2021

)
) **DIRECTORS**
)

Name

The notes on pages 13 to 107 form an integral part of these financial statements.
Auditor's report on pages 4 to 6.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2020

		THE GROUP		THE COMPANY	
			Restated		
	Notes	**2020**	2019	**2020**	2019
		Rs000's	Rs000's	**Rs000's**	Rs000's
Revenue	27	**11,364,239**	11,866,707	**129,971**	129,564
Cost of sales and direct costs	28	**(8,861,678)**	(9,020,321)	**(134,625)**	(139,307)
Gross profit		**2,502,561**	2,846,386	**(4,654)**	(9,743)
Other income	30	**143,686**	146,846	**58,933**	833,276
Net impairment losses on financial assets	16	**(20,280)**	(16,187)	-	-
Administrative expenses	28	**(2,072,026)**	(2,030,804)	**(15,916)**	(17,958)
		553,941	946,241	**38,363**	805,575
Finance costs	31	**(209,279)**	(106,143)	**(34)**	(12)
Share of result of associates	9	**3,802**	4,579	-	-
Share of result of joint venture	10	**(444)**	2,633	-	-
Profit before tax		**348,020**	847,310	**38,329**	805,563
Income tax expense	18 (b)	**(92,984)**	(144,454)	-	-
Corporate social responsibility	18 (b)	**(14,782)**	(15,718)	-	-
Profit for the year from continuing operations		**240,254**	687,138	**38,329**	805,563
Discontinued operations					
Post tax loss from discontinued operations	20(b)	-	(31,468)	-	-
Profit for the year		**240,254**	655,670	**38,329**	805,563
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations	22	**(218,725)**	46,690	**(7,822)**	(4,770)
Deferred tax on remeasurements of post employment benefit obligations	14/22	**31,497**	(9,030)	-	-
(Decrease)/increase in fair value of financial assets through other comprehensive income	11/22	**(24,785)**	(13,479)	**48**	7,751
Items that may be subsequently reclassified to profit or loss:					
Exchange differences	22	**34,461**	(6,407)	-	-
Hedging reserve	22	**(13,283)**	(3,195)	-	-
Other reserves	22	-	402	-	-
Movement in reserves of associates	22	**(11)**	1,497	-	-
Movement in reserves of joint venture	22	**285**	(322)	-	-
Other comprehensive income for the year		**(190,561)**	16,156	**(7,774)**	2,981
Total comprehensive income for the year		**49,693**	671,826	**30,555**	808,544
Profit attributable to:					
Owners of the company		**111,401**	502,801	**38,329**	805,563
Non-controlling interest		**128,853**	152,869	-	-
		240,254	655,670	**38,329**	805,563
Total comprehensive income attributable to:					
Owners of the company		**(40,346)**	532,450	**30,555**	808,544
Non-controlling interest		**90,039**	139,376	-	-
		49,693	671,826	**30,555**	808,544

The notes on pages 13 to 107 form an integral part of these financial statements.
Auditor's report on pages 4 to 6.

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

		Attributable to owners of the company						
THE GROUP	Notes	Share Capital	Other Reserves	Reserve arising on Group restructuring	Retained Earnings	Total	Non-controlling interest	Total Equity
		Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Balance at July 1, 2019								
- As previously stated		143,582	1,186,392	479,060	4,404,188	6,213,222	2,788,491	9,001,713
- Prior year adjustment	39	-	(18,828)	-	(9,609)	(28,437)	(102,133)	(130,570)
- As restated		143,582	1,167,564	479,060	4,394,579	6,184,785	2,686,358	8,871,143
- Profit for the year		-	-	-	111,401	111,401	128,853	240,254
- Other comprehensive income	22		(151,747)	-	-	(151,747)	(38,814)	(190,561)
Total comprehensive income for the year		-	(151,747)	-	111,401	(40,346)	90,039	49,693
Issue of shares to non-controlling interest		-	-	-	-	-	45,158	45,158
Dissolution of subsidiary	41	-	(6,825)	-	-	(6,825)	(13,600)	(20,425)
Effect of amalgamation	40	-	-	-	(26,289)	(26,289)	-	(26,289)
Reclassification of preference shares		-	-	-	-	-	(3,536)	(3,536)
Transfer to retained earnings		-	(111)	-	111	-	-	-
Dividends	26	-	-	-	-	-	(42,612)	(42,612)
Total transactions with owners of the parent		-	(6,936)	-	(26,178)	(33,114)	(14,590)	(47,704)
Balance at June 30, 2020		**143,582**	**1,008,881**	**479,060**	**4,479,802**	**6,111,325**	**2,761,807**	**8,873,132**

The notes on pages 13 to 107 form an integral part of these financial statements.

Auditor's report on pages 4 to 6.

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

		Attributable to owners of the company						
THE GROUP	**Notes**	Share Capital	Other Reserves	Reserve arising on Group restructuring	Retained Earnings	Total	Non-controlling interest	Total Equity
		Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Balance at July 1, 2018								
- As previously stated		73,876	660,861	-	2,201,384	2,936,121	2,634,427	5,570,548
- Prior year adjustment	39	-	1,014	-	(1,048)	(34)	(97,592)	(97,626)
- As restated		73,876	661,875	-	2,200,336	2,936,087	2,536,835	5,472,922
- Profit for the year		-	-	-	502,801	502,801	152,869	655,670
- Other comprehensive income	22	-	29,649	-	-	29,649	(13,493)	16,156
Total comprehensive income for the year		-	29,649	-	502,801	532,450	139,376	671,826
Effect of business combinations under common control	33	-	555,330	479,060	1,743,375	2,777,765	(57,001)	2,720,764
Issue of shares to non-controlling interest		-	-	-	-	-	138,633	138,633
Changes in ownership interest that do not result in a loss of control	34(b)	-	1,229	-	(6,427)	(5,198)	5,198	-
Transfer of reserve on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	(49,569)	-	49,569	-	-	-
Consolidation adjustment		-	(19,842)	-	(6,183)	(26,025)	491	(25,534)
Transfer to retained earnings		-	(11,108)	-	11,108	-	-	-
Issue of share capital	21	69,706	-	-	-	69,706	-	69,706
Dividends	26	-	-	-	(100,000)	(100,000)	(77,174)	(177,174)
Total transactions with owners of the parent		69,706	476,040	479,060	1,691,442	2,716,248	10,147	2,726,395
Balance at June 30, 2019		**143,582**	**1,167,564**	**479,060**	**4,394,579**	**6,184,785**	**2,686,358**	**8,871,143**

The notes on pages 13 to 107 form an integral part of these financial statements.

Auditor's report on pages 4 to 6.

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

THE COMPANY	Notes	Share Capital	Other Reserves	Retained Earnings	Total
		Rs000's	Rs000's	Rs000's	Rs000's
Balance at July 1, 2019		143,582	(19,194)	1,257,990	1,382,378
Total comprehensive income for the year					
- Profit for the year		-	-	38,329	38,329
- Other comprehensive income		-	(7,774)	-	(7,774)
Total comprehensive income for the year		-	(7,774)	38,329	30,555
Balance at June 30, 2020		**143,582**	**(26,968)**	**1,296,319**	**1,412,933**
Balance at July 1, 2018		73,876	(22,175)	552,427	604,128
Total comprehensive income for the year					
- Profit for the year		-	-	805,563	805,563
- Other comprehensive income		-	2,981	-	2,981
Total comprehensive income for the year		-	2,981	805,563	808,544
Issue of share capital	21	69,706	-	-	-
Dividends	26	-	-	(100,000)	(100,000)
Total transaction with owners		69,706	-	(100,000)	(100,000)
Balance at June 30, 2019		**143,582**	**(19,194)**	**1,257,990**	**1,382,378**

The notes on pages 13 to 107 form an integral part of these financial statements.
Auditor's report on pages 4 to 6.

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2020

		THE GROUP		THE COMPANY	
	Notes	**2020**	2019	**2020**	2019
		Rs000's	Rs000's	**Rs000's**	Rs000's
Operating activities					
Cash from/(used in) operations	32(a)	**951,697**	1,282,017	**9,543**	(80,758)
Tax paid	18(a)	**(131,640)**	(199,697)	**-**	-
Net cash generated from/(used in) operating activities		**820,057**	1,082,320	**9,543**	(80,758)
Investing activities					
Purchase of property, plant and equipment		**(1,037,086)**	(1,175,895)	**-**	-
Purchase of intangible assets		**(74,887)**	(128,944)	**-**	-
Net cash acquired on business combinations under common control	33	**-**	(250,820)	**-**	-
Net cash outflow on acquisition of subsidiaries	34(a)(i)	**-**	(54,527)	**(29,442)**	(363,715)
Net cash outflow on acquisition of associates					
Purchase of investment in financial assets	11	**(16,812)**	(5,566)	**(1,816)**	-
Purchase of options		**-**	(21,675)	**-**	-
Proceeds from disposal of property, plant and equipment		**9,715**	44,419	**-**	-
Proceeds from disposal of intangible assets		**-**	131	**-**	-
Purchase of investment in associate	9	**(249)**	-	**-**	-
Proceeds from disposal of subsidiaries		**-**	-	**-**	19,141
Grant received		**8,400**	-		-
Proceeds from disposal of investment in financial assets		**23,394**	8,294	**100**	4,600
Proceeds from disposal of options		**8,209**	9,176	**-**	-
Interest received		**2,563**	9,246	**2,770**	1,629
Loan repaid		**-**	6,704	**361,500**	59,500
Loans granted		**(8,421)**	-	**(487,000)**	(55,300)
Dividends received		**5,688**	17,268	**95,926**	442,718
Net cash (used in)/generated from investing activities		**(1,079,486)**	(1,542,189)	**(57,962)**	108,573
Financing activities					
Loans received		**2,133,580**	1,749,752	**-**	-
Loans repaid		**(1,750,152)**	(1,574,739)	**-**	-
Finance lease principal payments		**-**	(18,273)	**-**	(142)
Interest paid on lease liabilities		**(45,233)**	-	**-**	-
Principal paid on lease liabilities		**(76,851)**	-	**-**	-
Interest paid		**(167,231)**	(127,330)	**(11)**	-
Issue of redeemable preference shares		**12,000**	37,000	**-**	-
Redemption of preference shares		**(45,000)**	-	**-**	-
Issue of shares to non-controlling interest		**45,158**	138,633	**-**	-
Dividend paid to preference shareholders		**(12,278)**	(21,150)	**-**	-
Dividends paid to members of holding company		**-**	(100,000)	**-**	(100,000)
Dividends paid to minority shareholders		**(42,612)**	(77,174)	**-**	-
Net cash generated from/(used in) financing activities		**51,381**	6,719	**(11)**	(100,142)
Net cash flows from discontinued operations	20(c)	**-**	(2,975)	**-**	-
(Decrease)/increase in cash and cash equivalents		**(208,048)**	(456,125)	**(48,430)**	(72,327)
Movement in cash and cash equivalents					
At July 1,		**(400,714)**	28,199	**40,480**	112,807
Net (decrease)/increase		**(208,048)**	(456,125)	**(48,430)**	(72,327)
Currency differences		**4,280**	27,212	**-**	-
At June 30,	32(c)	**(604,482)**	(400,714)	**(7,950)**	40,480

The notes on pages 13 to 107 form an integral part of these financial statements.
Auditor's report on pages 4 to 6.

1. COMPANY PROFILE

Management and Development Company Limited is a private limited liability company incorporated and domiciled in Mauritius. The Company's principal activity is to provide management and other services to companies of the Eclosia Group. The Group's activities are in the Food, Hotels and Leisure, Business Services, Logistics, Education and Commerce sectors. The address of its registered office is Eclosia Group headquarters, Gentilly, Moka.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group 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 Basis of preparation

The financial statements of Management and Development Company Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:
(i) land and buildings and certain plant and machinery are carried at revalued amounts;
(ii) financial assets at fair value through other comprehensive income and relevant financial assets and financial liabilities are stated at their fair values;
(iii) relevant financial assets and financial liabilities are carried at amortised cost; and
(iv) consumable biological assets are stated at fair value less costs to sell.

Management has assessed the Group's and the Company's ability to continue as a going concern for the next twelve months from the date of signature of these financial statements and believes the going concern assumption to be appropriate. More information is provided in Note 42.

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from July 1, 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on July 1, 2019. The new accounting policies are disclosed in note 2.17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on July 1, 2019 was 6%-10%.

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

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:
- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

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

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
Annual Improvements 2018-2020
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)
Reference to the Conceptual Framework (Amendments to IFRS 3)
Covid-19-Related Rent Concessions (Amendment to IFRS 16)
Amendments to IFRS 17
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment

Land and buildings are stated at their fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Certain plant and machinery and equipment which meet certain criteria and considered as core assets, are also stated at their fair values. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, 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.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in owners' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve in other comprehensive income; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

	Rate %
Freehold buildings	2% - 10%
Furniture and fittings	5% - 25% or 100%
Cold rooms, freezers and electrical appliances	2% - 10%
Motor vehicles	15% - 20%
Equipment, installation and tools	10%
Computers	33.3%
Other Equipment	3.7% - 50%
Plant and machinery	5% - 33.3%
Library books	20%

Land and assets in progress are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment (cont'd)

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss and other comprehensive income. On disposal of revalued assets, the amounts included in revaluation reserve relating to that asset are transferred to retained earnings.

2.3 Investment properties

Investment property, held to earn rentals, or for capital appreciation or both, and not occupied by the Group is carried at cost less depreciation and impairment losses. Depreciation is calculated on the straight line method to write off the cost over the estimated useful lives of 40 years.

2.4 Intangible assets

Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.5) less accumulated impairment losses, if any.

Goodwill is tested annually for impairment.

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

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

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 of 3-7 years.

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

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 7 years).

Customer relationship
Customer relationship for which the Group has control over the expected future economic benefits flowing therefrom and which is separable, is classified as a separate category of intangible assets. It is amortised using the straight line method over its estimated useful life (5 years).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets (cont'd)

Leasehold rights

Prior to the adoption of IFRS 16 as at July 1, 2019, leasehold rights were accounted for under intangible assets. The cost represents the amount paid to acquire the rights to the lease of land and is amortised over the period of the lease.

As from July 1, 2019, leasehold rights are being accounted for under right-of-use assets.

Franchise and Patents

Franchise and patents are shown at historial cost, have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over their estimated useful lives.

Purchase of business

Purchase of business is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over their estimated useful lives (10 years).

2.5 Investment in subsidiaries

Separate financial statements of the investor

In the separate financial statements of the investor, investment in subsidiaries is carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment in subsidiaries (cont'd)

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

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

2.6 Investment in associates

Separate financial statements of the investor
In the separate financial statements of the investor, investment in associates is carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements
An associate is an entity over which the Company has significant influence but no control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associate are accounted for by the equity method except when classified as held-for-sale. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. Investments in associate are initially recognised at cost as adjusted by post acquisition changes in the Company's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the 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/Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates (cont'd)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.7 Investments in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint ventures are accounted for using the equity method (refer to note 2.6).

2.8 Biological assets

Biological assets are living animals that are capable of biological transformation. Biological transformation comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset.

A biological asset is recognised when the Group controls the assets as a result of past events, it is probable that future economic benefits will flow to the Group and the fair value or cost of the asset can be measured reliably.

A biological asset is measured at its fair value less costs to sell. Cost may sometimes approximate fair value.

Biological assets including eggs, breeders, broilers (including contract growers) are stated as follows:

(i) **Bearer biological assets**

- Breeders

Breeders are initially capitalised at cost and are depreciated over the anticipated productive cycle over which the Group expects to benefit from the assets, usually 65 weeks.

- Eggs and broilers (including contract growers)

Consumable biological assets are measured at fair value less costs to sell, with gains or losses arising from changes in the fair values recognised in profit or loss. The fair values, are determined by estimating the expected cash flows as adjusted by the hatchability, mortality and margin rates and the present condition of the asset.

2.9 Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's/Group's accounting policy for each category is as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

(i) Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are 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 provisions are recorded in a separate provision account with the loss being recognised in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statements of financial position.

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

(ii) Fair value through other comprehensive income

The Group has investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has 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 carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

(ii) Fair value through other comprehensive income (cont'd)

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.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

2.10 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Company's/Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company/Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings and the Group's redeemable preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate 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 statements of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest payable while the liability is outstanding.

- Trade payables and other short term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and the hedging instrument.

(i) *Cash flow hedges*

The effective part of forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from firm commitments, and highly probable forecast transactions, are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The Group uses such contracts to fix the cost of inventories in the functional currency of the entity concerned.

If a highly probable forecast transaction results in the recognition of a non-monetary asset, the cumulative loss/(gain) is added to/(subtracted from) the cost of the asset acquired ("basis adjustment"). The same approach is followed where a cash flow hedge of a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment to which fair value hedge accounting is applied. Otherwise the cumulative gain or loss recognised in other comprehensive income is reclassified from the cash flow hedge reserve to profit or loss at the same time as the hedged transaction affects profit or loss.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income is frozen and recognised in profit or loss in accordance with the policy set out in the paragraph above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place (even though it is still expected to take place) the cumulative gain or loss on changes in fair value of the derivative is similarly recognised in accordance with the policy set out in the paragraph above. If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss immediately.

2.12 Borrowings

Borrowings are recognised at fair value being the issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the statements of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Borrowings (cont'd)

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on those preference shares are recognised in profit or loss as interest expense.

Convertible bonds comprise a debt element that consists of issuer's contractual obligation to pay cash. The liability element is determined by fair valuing the cash flows excluding any equity component; the residual is assigned to equity.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve month after the end of the reporting period.

2.13 Share capital

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

Preference share capital
Preference share capital is classified as equity only if it is non-redeemable or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

For compound instruments, the part that includes a contractual obligation to deliver cash to the holder is treated as debt.

Mandatorily redeemable preference shares are classified as liabilities (see note 2.12).

2.14 Retirement benefit obligations

Defined benefit plans
A defined benefit plan is a pension plan that defines 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations (cont'd)

Defined benefit plans (cont'd)
The Group determines the net interest/(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 cost comprising current service cost, past service cost, as well as gains and losses in curtailments and settlements are recognised immediately in profit or loss.

Defined contribution plans
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

The Group operates a defined contribution retirement benefit plan for employees not covered under the defined benefit plans. Payments to deferred contribution retirement plans are charged as an expense as they fall due.

Gratuity on retirement
For employees who are not covered (or who are insufficiently covered by the above pension plan), the net present value of gratuity on retirement payable under the Worker's Rights Act 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

2.15 Current and deferred income tax

The tax expense for the period comprises 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 by the end of 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 to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. The cost of finished goods and work in progress comprises raw materials costs, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials.

2.17 Leases

In 2019, payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease.

Finance leases were capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss.

Payments made under operating leases were charged to profit and loss on a straight line basis over the period of the lease.

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

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

Identifying Leases

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 from use of the asset, not those incidental to legal ownership or other potential benefits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Leases (cont'd)

Identifying Leases (cont'd)

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 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 reasonably 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 amortised 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.

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 amortised over the remaining (revised) lease term.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.17 **Leases (cont'd)**

Identifying Leases (cont'd)

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

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

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account seperately 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 are recognised on a straight-line basis as an expense in profit or loss.

2.18 **Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

2.19 **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Provisions

Provisions are recognised when the Group has a present 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.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the period in which the dividends are declared.

2.22 Revenue recognition

a) Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled for those goods or services.

The Company's activities consist of holding investments forming part of the Group and to provide management and other related services to the Group companies.

The Group's activities are mainly in the following sectors: Food, Commerce, Logistics, Business Services, Education and Hotels & Leisure.

Performance obligations and timing of revenue recognition
The Company's revenue, which consists of management and other related services to Group companies, is recognized on an over time basis. This is because the Group companies simultaneously receive and consume the benefits provided by the Company's performance as the Company performs.

Sales of goods
Revenue derived from selling goods is 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 Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue recognition (cont'd)

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

Sales of goods (cont'd)
Relating to poultry farming, the Group has repurchase agreements with some contract growers. A repurchase agreement in a contract in which an entity sells an asset and also promises or has the option to repurchase the asset. The contract growers do not obtain full control of the asset as they are limited in their ability to obtain substantially all of the remaining benefits. Consideration received from the contract growers is shown as a financial liability.

Clearing and forwarding of goods
Revenue from freight forwarding is recognised over time, using an input method to measure progress towards complete satisfaction as the customer simultaneously receives and consumes the benefits provided. Some contracts include multiple deliverables, such as customs clearance, storage and brokerage services. These are accounted for as separate performance obligations and transaction prices are allocated to each performance obligation based on the stand-alone prices.

The Group also invoices clients for customs duties and other disbursements incurred on behalf of clients. It is considered that the Group acts as an agent for these services and therefore, the amount recharged is not recognised separately as revenue.

Hotel rooms
Revenue derived from selling goods or services in terms of hotel rooms is recognized at a point in time or over time when control of the goods or services has transferred to the customer.

Sales of services
The Group also provides services such as transport facilities and storage income. These are recognised at a point in time as and when services are rendered.

Tuition fees are derived from students on the basis of rates determined for courses. Tuition fees are recognized over the period of course or program, net of discounts. Revenue from educational and training interventions sold is recognized over the period the services are provided. Fees paid in advance in respect of services due under the contract are time apportioned to the respective accounting periods, and those billed but not yet delivered are included in the statement of financial position.

The Group also provides advertising services to customers, with revenue recognized on an over time basis. This is because the services have no alternative use for the Group and the contracts would require payment to be received for the time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Group's failure to perform its obligations under the contract. On partially completed services, the Group recognises revenue based on stage of completion of the project which is assessed on the basis of the actual service provided as a proportion of total services to be provided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue recognition (cont'd)

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

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 product price to each unit ordered in such contracts. Where a customer orders more than one category of product, the Group is able to determine the split of the total contract price between each product category by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

For changes in transaction prices after contract inception, the Group allocates to the performance obligations in the contract any changes on the same basis as at contract inception.

When the Group provides volume rebates to certain customers once the quantity of products purchased during a certain period exceeds a threshold, the most likely amount method is applied and recognizes a refund liability for the expected future rebates.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Cost to obtain a contract
Sales commission paid to employees are normally expensed to the profit or loss.

Practical exemptions
The Group has taken advantage of the practical exemptions:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue recognition (cont'd)

b) Other revenues earned by the Group are recognized on the following bases:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Dividend income - when the shareholder's right to receive payment is established.
- Advertising income- on an accrual basis in accordance with the substance of the relevant agreement.

2.23 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"), except for the subsidiaries located in Madagascar, Reunion Islands, Seychelles, South Africa, Rwanda and Kenya and whose functional and presentation currency is the Madagascar Ariary (MGA), Euro, Seychelles Rupees, Rand, Franc and Kenyan Shilling respectively. The consolidated financial statements are presented in Mauritian rupees, which is the Company'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.

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

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

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

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) 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 of profit or loss and other comprehensive income are translated at average exchange rates;
(c) all resulting exchange differences are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Foreign currencies (cont'd)

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

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

When a foreign operation is sold, such exchange differences are recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.24 Non-current assets 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.

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 describe above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Events or circumstances may extend the period to complete the sale beyond one year 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.

2.25 Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs are expensed.

When the grant relates to an asset, the Group has chosen to reduce the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of the asset by way of a reduced depreciation charge.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Group's financial performance.

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

(a) <u>Market risk</u>

(i) <u>Currency risk</u>
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, South African Rand, US dollar, Malagasy Ariary, Seychelles Rupees, Rwandan Franc and Kenyan Shilling.

Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management has policies set up to require Group companies to manage their foreign exchange risk with Treasury.

Some companies of the Group use forward contracts to hedge their exposure to foreign currency risk when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Company is not exposed to foreign exchange risk as it deals with Mauritian rupees only.

The following table demonstrates the sensitivity of the Group's profit before tax following a reasonably possible change only in the foreign exchange rates. This exercise is based on revalued foreign currency balances at year end.

	THE GROUP	
Impact on pre-tax profit	**2020**	2019
	Rs000's	Rs000's
Increase of 5% in exchange rate	**(9,185)**	(29,887)
Decrease of 5% in exchange rate	**9,185**	29,887

(ii) <u>Price risk</u>
The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statements of financial position as financial assets at fair value through other comprehensive income.

3. **FINANCIAL RISK MANAGEMENT (CONT'D)**

3.1 **Financial risk factors (cont'd)**

(a) **Market risk (cont'd)**

(ii) **Price risk (cont'd)**

The table below summarises the impact of increases/decreases in the fair value of the investments on the Group's equity.

The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Impact on equity				
FVOCI	**9,495**	11,063	**1,435**	1,347

(b) **Credit risk**

Credit and counterparty risk refers to the effects on future cash flows and earnings of receivables defaulting of their obligations. Such risk arises primarily from cash and cash equivalents, contractrual cash flows of investments held at FVOCI and trade receivables.

These exposures are managed through prudent credit exposure limits, constantly measuring current credit exposures, estimating maximum potential credit exposures that may arise over the duration of a transaction, and responding quickly when corrective action that needs to be taken.

For cash and cash equivalents the credit risk is managed by the Group by way of trading with only reputable banks and financial institutions. Unless otherwise indicated, the maximum exposure to credit risk is the carrying amount of cash and cash equivalents.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The risk is managed at each Company's level whereby risk control assesses the credit quality of customers, taking into account financial position and other factors. Individual limits can also be set and monitored. Where considered necessary, companies take credit insurance against exposures, thus mitigating the credit risk. There is no significant concentration of credit risk.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets as disclosed below:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Financial assets at FVOCI	**189,897**	221,264	**28,702**	26,938
Financial assets at amortised cost	**14,218**	5,797	**165,633**	96,548
Trade and other receivables	**949,711**	1,195,741	**9,386**	9,684
Other receivables (excluding prepayments)	**471,841**	328,368	**75**	-
Cash and cash equivalents	**653,803**	829,016	**17**	40,480
	2,279,470	2,580,186	**203,813**	173,650

There was no collateral held as security with regards to the above financial assets.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(c) **Cash flow and fair value interest rate risk**

The Group's interest rate risk arises from bank overdrafts and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk.

The Group has a centralised treasury which ensures that, as far as possible, the best interest rates are sought for borrowings. Management considers that the interest rate risk impact on results of the group is not significant to warrant additional interest rate risk mitigating measures.

The following table demonstrates the sensitivity of the Group's profit before tax of increase/decrease of 50 basis points in interest rate. This exercise is based on revalued foreign currency balances at year end.

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Impact on pre-tax profit	**14,020**	12,036

(d) **Liquidity risk**

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's and the Company's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

The table below analyses the Group's and the Company's financial liabilities based on the remaining period at the end of the reporting date:

THE GROUP	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
	Rs000's	**Rs000's**	**Rs000's**
At June 30, 2020			
Bank and other borrowings	**1,914,700**	**1,098,196**	**587,145**
Lease liabilities	**68,262**	**325,772**	**285,652**
Trade and other payables	**1,206,151**	**-**	**-**
	3,189,113	**1,423,968**	**872,797**
At June 30, 2019			
Bank and other borrowings	1,901,389	883,810	382,692
Trade and other payables	1,107,276	-	-
	3,008,665	883,810	382,692

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Liquidity risk (cont'd)

THE COMPANY	Less than 1 year	Between 1 and 5 years	Over 5 years
	Rs000's	Rs000's	Rs000's
At June 30, 2020			
Bank and other borrowings	**7,967**	**-**	**-**
Other payables	**12,379**	**-**	**-**
	20,346	**-**	**-**
At June 30, 2019			
Other payables	5,944	-	-
	5,944	-	-

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 is the current bid price. These instruments are included in level 1. Instruments 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 are not based on observable market data, the instrument is included in level 3.

Specific valuations techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments
- Other techniques, such as discounted cash flows are used to determine fair value for the remaining financial instruments.

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt to capital. Net debt is calculated as total debts less cash and cash equivalents. Capital comprises all components of equity (that is share capital, non-controlling interest, retained earnings and revaluation and other reserves).

During 2020, the Group's strategy was to maintain the debt-to-adjusted capital ratio at the lower end in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at June 30, 2020 and at June 30, 2019 were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Total debt (note 24)	**3,600,041**	3,167,891	**7,967**	-
Lease liabilities	**679,686**	-	**-**	-
Less: cash in hand and at bank (note 32 (c))	**(653,803)**	(829,016)	**(17)**	(40,480)
Net debt	**3,625,924**	2,338,875	**7,950**	(40,480)
Total equity	**8,873,132**	8,871,143	**1,412,933**	1,382,378
Less: amounts recognised in equity relating to cash flow hedges	**1,339**	(7,458)		-
Adjusted capital	**8,874,471**	8,863,685	**1,412,933**	1,382,378
Debt-to-adjusted capital ratios	**41%**	26%	**0.6%**	N/A

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

The net debt to equity ratio has increased following the adoption of IFRS 16 Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 July 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

In relation to loans to related parties, judgement is required in determining whether there has been a significant increase in credit risk or impairment and the stage in which the financial asset is in. Possible default events over the expected life or within 12 months have to be estimated. Management has to assess reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, as well as estimate the risk of default occurring.

(b) **Biological assets**

Biological assets consist of breeders, hatchable eggs and broilers and are carried at fair value less costs to sell. The fair value was determined by using valuation techniques which are based on certain assumptions such as hatchability rates, expected costs, mortality rates and margin rate. Valuation techniques used include estimating the expected cash flows. Management also exercises judgement when cost may approximate fair value.

(c) **Fair value of securities not quoted on an active market**

The fair value of securities not quoted on an active market may be determined by the Group using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) **Limitation of sensitivity analysis**

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

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

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

4.1 Critical accounting estimates and assumptions (cont'd)

(e) **Retirement benefit obligation**

The present value of the pension obligations depend 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 liability.

Other key assumptions for pension obligations are based in part on current market conditions.

(f) **Revaluation of property, plant and equipment**

The Group carries land and buildings and certain plant and machinery at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at June 30, 2018. Revaluation includes various inputs which require judgement and assumptions. The main estimates involved for properties in the Hospitality Sector are the forecasted occupancy rates and the discount rate used for the discounting.

(g) **Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(h) **Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their useful lives.

(i) **Deferred income taxes**

The Group is subject to income taxes in numerous jurisdictions. The determination of the Group's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the the Group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

4.1 Critical accounting estimates and assumptions (cont'd)

(j) **Impairment of assets**

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets 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.

(k) **Impairment of investments**

In estimating the impairment of the investment in subsidiaries, management exercises judgement in determining the indications of impairment and the recoverable amount. The recoverable amount is arrived at by using valuation techniques which involve making estimates and assumptions about the future.

(l) **Leases**

In determining the lease term for the buildings being rented, management exercises judgement when considering the broader economics of its arrangement with the lessor, including economic penalties for each of the lessor and the Group if the Group were to vacate the leased premises.

(m) **Impairment of goodwill**

The Group tests annually whether goodwill has sufferred any impairment in value, in accordance with its accounting policy.

These calculations require the use of estimates which may differ from actual values.

5. PROPERTY, PLANT AND EQUIPMENT

(a) **2020**

THE GROUP	Land and buildings	Furniture and fittings	Cold rooms freezers and electrical appliances	Motor vehicles	Equipment, installation and tools	Computers	Other equipment	Plant and machinery	Library books	Assets in progress	Total
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
COST OR VALUATION											
At July 1, 2019	7,687,520	532,358	521,890	342,998	821,219	281,150	551,712	2,510,537	35,773	703,808	13,988,965
Adjustment for change in accounting policy (note 38)	-	-	-	(12,348)	-	(4,508)	-	(13,511)	-	-	(30,367)
At July 1, 2019 - restated	7,687,520	532,358	521,890	330,650	821,219	276,642	551,712	2,497,026	35,773	703,808	13,958,598
Adjustment	(63,276)	(1,918)	-	-	-	-	-	(41,206)	-	-	(106,400)
Exchange differences	14,712	5,232	148	2,083	(3,998)	450	4,782	7,183	-	8,574	39,166
Additions	108,539	78,267	25,069	49,426	103,937	19,264	19,024	67,532	402	565,626	1,037,086
Reclassification	350	(24,583)	-	(2,241)	-	17,037	(27,637)	34,724	13	-	(2,337)
Scrapped	(829)	(1,780)	-	(2,320)	(17,215)	(3,495)	(1,457)	(6,823)	(9,864)	-	(43,783)
Disposals	(38)	(1,163)	(6,906)	(43,344)	(587)	(3,534)	(3,996)	(14,508)	(6)	(653)	(74,735)
Investment grant received	-	-	(8,400)	-	-	-	-	-	-	-	(8,400)
Transfer from assets in progress	15,412	18,469	5,891	1,796	222,581	7,269	4,825	69,683	-	(345,926)	-
Transfer to intangible asset	-	(803)	-	-	-	-	-	-	-	(88,330)	(89,133)
At June 30, 2020	**7,762,390**	**604,079**	**537,692**	**336,050**	**1,125,937**	**313,633**	**547,253**	**2,613,611**	**26,318**	**843,099**	**14,710,062**

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

(a) 2020	Land and buildings	Furniture and fittings	Cold rooms freezers and electrical appliances	Motor vehicles	Equipment, installation and tools	Computers	Other equipment	Plant and machinery	Library books	Assets in progress	Total
THE GROUP	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
DEPRECIATION											
At July 1, 2019	1,673,898	274,941	295,571	242,111	474,833	182,250	292,913	1,455,764	29,292	-	4,921,573
Prior year adjustment (note 39)	6,975	-	-	-	-	-	-	-	-	-	6,975
Adjustment for change in accounting											-
policy (note 38)	-	-	-	(7,312)	-	(2,819)	-	(2,866)	-	-	(12,997)
At July 1, 2019 - restated	1,680,873	274,941	295,571	234,799	474,833	179,431	292,913	1,452,898	29,292	-	4,915,551
Exchange differences	2,861	2,353	714	627	(747)	529	3,174	3,413	-	-	12,924
Charge for the year	133,215	51,129	39,311	34,590	53,036	43,992	47,425	155,657	2,634	-	560,989
Reclassification	1,062	(3,443)	-	157	-	5,438	3,288	6,069	-	-	12,571
Scrapped	(568)	(1,060)	-	(187)	(14,190)	(2,939)	(89)	(3,866)	(9,864)	-	(32,763)
Disposal adjustment	(15)	(887)	(6,860)	(38,296)	(437)	(3,467)	(5,134)	(15,305)	(4)	-	(70,405)
Consolidation adjustment	5	(1,708)	-	-	-	374	(62)	1,082	-	-	(309)
Adjustment	(63,593)	(2,536)	-	301	-	614	6	(40,993)	-	-	(106,201)
Transfer to Intangible assets	-	(803)	-	-	-	-	-	-	-	-	(803)
At June 30, 2020	**1,753,840**	**317,986**	**328,736**	**231,991**	**512,495**	**223,972**	**341,521**	**1,558,955**	**22,058**	-	**5,291,554**
NET BOOK VALUES											
At June 30, 2020	**6,008,550**	**286,093**	**208,956**	**104,059**	**613,442**	**89,661**	**205,732**	**1,054,656**	**4,260**	**843,099**	**9,418,508**

5. PROPERTY, PLANT AND EQUIPMENT

(a) **2019**

	Land and buildings	Furniture and fittings	Cold rooms freezers and electrical appliances	Motor vehicles	Equipment, installation and tools	Computers	Other equipment	Plant and machinery	Library books	Assets in progress	Total
THE GROUP	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
COST OR VALUATION											
At July 1, 2018	3,783,601	470,853	353,886	225,445	799,687	227,510	287,361	504,561	33,826	517,619	7,204,349
Acquisition of subsidiaries under common control (note 33)	3,370,914	96,442	-	97,774	1,294	1,654	116,899	1,848,370	-	227,684	5,761,031
Acquisition through business combination (note 34 (a)(i))	69,309	582	-	-	-	-	-	14,693	-	295	84,879
Exchange differences	(5,097)	(36,524)	(107)	(1,168)	(8)	(377)	32,212	(3,719)	-	(784)	(15,572)
Additions	126,760	110,681	18,690	48,587	14,087	53,302	58,695	148,590	1,977	594,526	1,175,895
Reclassification	342,252	(67,705)	154,158	(4,188)	6,826	1,845	108,717	92,786	-	(635,117)	(426)
Scrapped	-	(2,930)	(856)	(57)	(667)	(1,549)	(233)	(14,751)	(25)	(103)	(21,171)
Disposals	(219)	(38,975)	(3,881)	(23,395)	-	(1,235)	(51,813)	(72,276)	(5)	(312)	(192,111)
Transfer to non-current asset held for sale (note 20)	-	(66)	-	-	-	-	(126)	(7,717)	-	-	(7,909)
At June 30, 2019	**7,687,520**	**532,358**	**521,890**	**342,998**	**821,219**	**281,150**	**551,712**	**2,510,537**	**35,773**	**703,808**	**13,988,965**
DEPRECIATION											
At July 1, 2018	619,010	250,927	273,614	166,785	430,273	143,099	175,078	259,030	26,031	-	2,343,847
Acquisition of subsidiaries under common control (note 33)	915,072	69,084	-	63,912	745	991	71,208	1,117,268	-	-	2,238,280
Acquisition through business combination (note 34 (a)(i))	25,186	554	-	-	-	-	-	8,731	-	-	34,471
Exchange differences	(1,196)	(6,098)	(19)	(593)	-	(220)	4,020	(2,061)	-	-	(6,167)
Charge for the year	122,574	46,830	26,696	35,312	41,389	41,438	41,031	132,922	3,283	-	491,475
Reclassification	441	(49,955)	-	-	2,969	(372)	46,008	483	-	-	(426)
Scrapped	-	(1,856)	(856)	(56)	(543)	(1,545)	(213)	(13,370)	-	-	(18,439)
Disposal adjustment	(214)	(34,487)	(3,864)	(23,249)	-	(1,141)	(44,172)	(45,336)	(22)	-	(152,485)
Transfer to non-current asset held for sale (note 20)	-	(58)	-	-	-	-	(47)	(1,903)	-	-	(2,008)
At June 30, 2019	**1,680,873**	**274,941**	**295,571**	**242,111**	**474,833**	**182,250**	**292,913**	**1,455,764**	**29,292**	**-**	**4,928,548**
NET BOOK VALUES											
At June 30, 2019	**6,006,647**	**257,417**	**226,319**	**100,887**	**346,386**	**98,900**	**258,799**	**1,054,773**	**6,481**	**703,808**	**9,060,417**

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

	Furniture, fittings & equipment	Motor vehicles	Total
THE COMPANY	Rs000's	Rs000's	Rs000's
(c) **2020**			
COST AND VALUATION			
At July 1, 2019	1,099	5,169	6,268
Disposal	-	(1,784)	(1,784)
At June 30, 2020	**1,099**	**3,385**	**4,484**
DEPRECIATION			
At July 1, 2019	1,099	5,169	6,268
Disposal adjustment	-	(1,784)	(1,784)
At June 30, 2020	**1,099**	**3,385**	**4,484**
NET BOOK VALUES			
At June 30, 2020	-	-	-
(d) **2019**			
COST AND VALUATION			
At July 1, 2018 & June 30, 2019	1,099	5,169	6,268
DEPRECIATION			
At July 1, 2018	1,061	5,138	6,199
Charge for the year	38	31	69
At June 30, 2019	**1,099**	**5,169**	**6,268**
NET BOOK VALUES			
At June 30, 2019	-	-	-

(e) It is the policy of the Group to revalue the Group's freehold land and buildings and plant and machinery periodically.

The revaluation surplus net of deferrred income taxes was credited to revaluation surplus in shareholders' equity.

The Directors are of the opinion that the carrying amount of the Group's land and buildings reflect their fair values as at the end of the reporting date. The last independent valuation exercise was carried out at June 30, 2018 by independent qualified valuers, namely, Noor Dilmohamed & Associates, Gexim Real Estate, CDDS and V.d'Unienville & Associates Co Ltd. The fair value of the land was determined based on 'Direct Market Comparison' approach, which reflects recent transaction prices for similar assets. Where comparables are not available, then the best suited comparables are used and adjusted for such conditions like location, use, size and constraints. The fair value of buildings has been arrived at using the 'Depreciated Replacement Cost'' (DRC) approach. The DRC has been arrived at using the current construction costs for similar buildings and adjusted for depreciation resulting from such factors like obsolescence and physical deterioration.

Certain plant and equipment considered as "core equipment" were independently valued at June 30, 2018 by Buhler (pty) Ltd, a professional supplier of milling plants and by Engineering Technical & Management Services Ltd.

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

(f) Details of the Group's and the Company's land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	THE GROUP	
	Level 2	Level 3
June 30, 2020	Rs000's	Rs000's
Freehold land	**1,160,985**	**-**
Buildings	**273,808**	**3,439,882**
Plant and machinery	**332,134**	**440,576**
Total	**1,766,927**	**3,880,458**

	THE GROUP	
	Level 2	Level 3
June 30, 2019	Rs000's	Rs000's
Freehold land	1,006,552	-
Buildings	245,277	3,427,072
Plant and machinery	251,538	462,823
Total	1,503,367	3,889,895

At June 30, 2020, the most significant observable inputs for the valuation of land are as follows:

	THE GROUP
	Range of observable input
	Rs'000/Square metre
Land	
Price per square meter	**1,100 - 8,285**

Significant increase/(decrease) in price per square metre in isolation would result in a significant higher/(lower) fair value.

At June 30, 2020, the most significant observable inputs for the valuation of buildings are as follows:

	THE GROUP
	Range of observable input
	Rs'000/Square metre
Buildings	
Price per square meter	**3,000 - 64,500**

Significant increase/(decrease) in price per square metre in isolation would result in a significant higher/(lower) fair value.

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

(g) The leased assets included in Group property, plant and equipment are as follows:

	Motor Vehicles	Computers	Plant and machinery
2019	Rs000's	Rs000's	Rs000's
Cost	11,246	4,508	68,903
Accumulated depreciation	(8,094)	(2,806)	(31,539)
Net Book Value	3,152	1,702	37,364

(h) If the land and buildings, and the relevant plant and machinery were stated on the historical cost basis, the carrying amounts would be as follows:

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Land and buildings	**2,799,529**	2,717,419
Plant and machinery	**460,362**	408,391
Other equipment	**469,026**	598,161

(j) Borrowings of the Group are secured by fixed and floating charges on the assets of the Group.

(k) Depreciation expense of Rs'000 342,895 (2019: Rs'000 367,580) has been charged to cost of sales and Rs'000 218,094 (2019: Rs'000 123,895) has been charged to administrative expenses for the Group.

5A. RIGHT-OF-USE-ASSETS

THE GROUP	Land and Buildings	Plant and Machinery	Computers	
	2020	2020	2020	Total
	Rs000's	Rs000's	Rs000's	Rs000's
At 1 July 2019	811,005	22,667	1,689	835,361
Additions	9,133	-	-	9,133
Reclassification	(945)	-	-	(945)
Amortisation	(85,663)	(5,816)	(1,120)	(92,599)
Translation difference	(33)	(50)	-	(83)
At 30 June 2020	733,497	16,801	569	750,867

5B. LEASE LIABILITIES

	Land and Buildings	Plant and Machinery	Computers	Total
THE GROUP	Rs000's	Rs000's	Rs000's	Rs000's
At 1 July 2019	720,702	24,429	3,048	748,179
Additions	9,133	-	-	9,133
Interest expense	43,870	1,182	181	45,233
Lease payments	(106,651)	(14,371)	(1,062)	(122,084)
Translation difference	(745)	(30)	-	(775)
At 30 June 2020	666,309	11,210	2,167	679,686
Current	65,029	2,293	940	68,262
Non Current	601,280	8,917	1,227	611,424
	666,309	11,210	2,167	679,686

(a) **Nature of leasing activities (in the capacity as lessee)**

The Group leases a number of properties in the jurisdictions from which it operates. The lease contracts relate mainly to leases of land for hotel operations, construction of aquarium and operation of retail outlets. Certain lease contracts provide for lease payments to increase each year by inflation while for other lease contracts the periodic rent is fixed over the lease term.

The Group also leases certain items of plant and machinery and computer equipment which comprise only fixed payments over the lease term.

(b) **Variable lease payments**

The percentage in the table below reflects the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease contracts number	Fixed payments %	Variable payments %	Sensitivity Rs000's
THE GROUP				
Property leases with payments linked to inflation	16	-	43%	16,890
Property leases with periodic uplifts to market rentals	6	-	16%	-
Property leases with fixed payments	13	36%	-	-
Leases of plant and equipment and computer equipment	2	5%	-	-
	37	41%	59%	16,890

(c) **Lease term**

Extension and termination options are included in property leases. These are used to maximise operational flexibility in terms of managing the assets. The majority of extension and termination options held are exercisable by mutual consent.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

5B. LEASE LIABILITIES (CONT'D)

(c) **Lease term (cont'd)**

For leases of land and buildings, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term for land and buildings ranges from 30 to 60 years and 1 to 13 years respectively.

(d)

	2020
	Rs000's
Interest expense (included in finance cost)	45,233
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	2,868
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	652

The total cash outflow for leases in 2020 was Rs 122,084,000.

(e) Lease liabilities are denominated in the following currencies:

	THE GROUP 2020
	Rs000's
Mauritian Rupees	**581,007**
Malagasy Ariary	**70,584**
Seychelles Rupee	**28,095**
	679,686

6. INVESTMENT PROPERTIES

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Cost		
At July 1,	**280**	670
Consolidation adjustment	**-**	(390)
At June 30,	**280**	280
Fair value (Level 2)	**6,620**	6,620

The investment property relates to land which is held for capital appreciation and does not generate any rental income. There are no direct operating expenses associated with the investment property. The fair value of the investment properties have been determined based on a valuation performed on June 30, 2018 by CDDS, an independent land surveyor using the sales comparison approach.

Bank borrowings are secured by floating charges on the assets of the Group.

7. INTANGIBLE ASSETS

THE GROUP	Goodwill	Purchase of business	Customer Relationship	Franchise and development cost	Patents	Computer software	Assets in progress	Total
(a) 2020	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
COST								
At July 1, 2019	158,953	28,622	15,000	20,640	41,596	381,252	62,908	708,971
Consolidation adjustment	(7,433)	-	-	-	-	17,147	(10,910)	(1,196)
Amalgamation adjustment	542	(24,622)	-	-	-	-	-	(24,080)
Transfer to Right-of-use assets	-	-	-	-	-		-	-
Transfer from Assets-in-progress	-	-	-	-	-	91,143	(2,010)	89,133
Additions	-	-	-	555	2,469	62,682	9,181	74,887
Exchange differences	-	-	-	261	-	3,349	-	3,610
Disposal	-	-	-	-	-	(65)	-	(65)
Scrap	-	-	-	-	-	(15,883)	-	(15,883)
At June 30, 2020	152,062	4,000	15,000	21,456	44,065	539,625	59,169	835,377
AMORTISATION								
At July 1, 2019	1,443	567	9,250	14,365	27,385	179,562	-	232,572
Consolidation adjustment	-	-	-	-	-	460	-	460
Transfer from Assets-in-progress	-	-	-	-	-	803	-	803
Charge for the year	-	400	3,000	1,582	3,725	48,713	-	57,420
Exchange differences	-	-	-	(332)	257	(1,502)	-	(1,577)
Disposal	-	-	-	-	-	(65)	-	(65)
Scrap	-	-	-	-	-	(15,883)	-	(15,883)
At June 30, 2020	1,443	967	12,250	15,615	31,367	212,088	-	273,730
NET BOOK VALUE								
At June 30, 2020	**150,619**	**3,033**	**2,750**	**5,841**	**12,698**	**327,537**	**59,169**	**561,647**

7. INTANGIBLE ASSETS (CONT'D)

THE GROUP	Goodwill	Purchase of business	Customer Relationship	Franchise and development cost	Leasehold rights	Patents	Computer software	Assets in progress	Total
(b) 2019	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
COST									
At July 1, 2018	158,953	4,000	15,000	8,970	79,220	35,812	210,012	77,767	589,734
Acquisition of subsidiaries under common control (note 33)	-	-	-	10,981	20,185	92	31,909	34,898	98,065
Acquisition through business combination (note 34 (a)(i))	-	24,622	-	-	-	-	-	-	24,622
Additions	-	-	-	5,572	25,298	6,047	55,020	37,007	128,944
Reclassification		-	-	-	-	-	86,764	(86,764)	-
Exchange differences	-	-	-	-	(2,215)	(355)	(93)	-	(2,663)
Scrap	-	-	-	(4,883)	-	-	(1,393)	-	(6,276)
Disposal	-	-	-	-	-	-	(967)	-	(967)
At June 30, 2019	158,953	28,622	15,000	20,640	122,488	41,596	381,252	62,908	831,459
AMORTISATION									
At July 1, 2018	1,443	-	6,250	8,970	8,793	24,172	129,480	-	179,108
Acquisition of subsidiaries under common control (note 33)	-	-	-	6,557	2,875	-	23,904	-	33,336
Charge for the year	-	567	3,000	1,632	1,345	3,327	27,162	-	37,033
Exchange differences	-	-	-	-	(1,297)	(114)	(130)	-	(1,541)
Disposal	-	-	-	-	-	-	(836)	-	(836)
Scrap	-	-	-	(2,794)	-	-	(18)	-	(2,812)
At June 30, 2019	1,443	567	9,250	14,365	11,716	27,385	179,562	-	244,288
NET BOOK VALUE									
At June 30, 2019	**157,510**	**28,055**	**5,750**	**6,275**	**110,772**	**14,211**	**201,690**	**62,908**	**587,171**

(c) The assets in progress relate to software implementation not yet available for use.

(d) Amortisation expenses have been charged to administrative expenses.

(e) Impairment tests for goodwill: goodwill is allocated to cash-generating units identified according to country of operation and business segment.

(f) In 2019, leasehold rights included:
- rights to use properties for farming under an emphyteutic lease of 99 years.
- land leased for hotel activities.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Listed	Unlisted	Total 2020	Total 2019
(a) Cost	Rs000's	Rs000's	Rs000's	Rs000's
At July 1,	**93,208**	**1,154,102**	**1,247,310**	391,130
Acquisition of subsidiaries under common control (note (iii))	**-**	**-**	**-**	69,706
Additions				
- Cash (note (iv))	**-**	**29,442**	**29,442**	363,715
- Non-cash (note (i))	**7,096**	**5,759**	**12,855**	323,538
Transfer from investment in associates (note (v))	**-**	**-**	**-**	82,308
Transfer from investment in financial assets (note (vi))	**-**	**-**	**-**	32,012
Dissolutions (note (ii))	**-**	**(12,340)**	**(12,340)**	-
Disposals	**-**	**-**	**-**	(15,099)
At June 30,	**100,304**	**1,176,963**	**1,277,267**	1,247,310

(i) Additions non-cash include transfer of investments to the Company on dissolution of a subsidiary and transfer of loan receivable from a subsidiary to investment. In 2019, additions of Rs'000 323,538 related to a distribution of non-cash assets from subsidiaries relating to investments in Panagora Marketing Co Ltd, Tropical Paradise Co Ltd, Premier Education Ltd and Proxi Properties Ltd.

(ii) During the year, two entities of the Group were dissolved. One of the entities transferred its investment to the holding company on dissolution.

(iii) In 2019, the additions of Rs'000 69,706 related to shares acquired in Avipro Co Ltd.

(iv) Additions - cash include mainly additional investments in Oceanarium (Mauritius) Ltd. In 2019, additions related to additional stake in Oceanarium (Mauritius) Ltd, Panagora Marketing Co Ltd, Pick 'N' Eat Ltd, Premier Education Ltd, Premier Logistics Ltd and Proxy Investment Ltd.

(v) In 2019, the transfer from investment in associates related to Les Moulins de La Concorde Ltee which became a subsidiary of the Group.

(vi) In 2019, the transfer from investment in financial assets related to Proxi Properties Ltd which became a subsidiary of the Group.

(b) Details of the subsidiary companies are as follows:

Name	Place of business	Direct holding	Indirect holding	**2020 Effective holding**	2019 Effective holding
		%	%	**%**	%
Agrifarms Ltd	Mauritius	-	100.00	**100.00**	100.00
Agro Bulk Ltd	Mauritius	-	62.84	**62.84**	62.84
Amigel Ltd	Mauritius	-	36.60	**36.60**	36.60
Angel Fund Ltd	Mauritius	-	100.00	**100.00**	100.00
Avipro Co Ltd	Mauritius	100.00	-	**100.00**	100.00
Avipro East Africa Ltd	Kenya	-	100.00	**100.00**	100.00

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiary companies are as follows: (cont'd)

Name	Place of business	Direct holding	Indirect holding	2020 Effective holding	2019 Effective holding
		%	%	%	%
Avipro Rwanda Ltd	Rwanda	-	100.00	**100.00**	-
Avipro International Co Ltd	Mauritius	-	100.00	**100.00**	100.00
Avitech SARL	Madagascar	-	100.00	**100.00**	100.00
Aquarium Management Services Ltd	Mauritius	50.00	-	**50.00**	50.00
Charles Telfair Institute	Mauritius	-	61.40	**61.40**	61.40
Circus Advertising Co. Ltd	Mauritius	20.00	50.00	**70.00**	70.00
Circus Madagascar SARL	Madagascar	-	70.00	**70.00**	70.00
Circus Properties Ltd	Mauritius	-	78.14	**78.14**	78.14
Concordia Investments Ltd	Mauritius	-	36.60	**36.60**	36.60
Eclosia Corporate Services Ltd	Mauritius	100.00	-	**100.00**	100.00
Eclosia Secretarial Services Co Ltd	Mauritius	100.00	-	**100.00**	100.00
Eclosia Technology Services Ltd	Mauritius	100.00	-	**100.00**	100.00
Entreprise Cerealiere de Madagascar	Madagascar	-	62.84	**62.84**	62.84
Farmshop SA	Madagascar	-	81.42	**81.42**	81.42
Ferme Laitiere de l'Avenir Ltee	Mauritius	-	91.60	**91.60**	91.60
Freight and Transit (South Africa) Proprietary Limited	South Africa	-	52.03	**52.03**	52.03
Freight and Transit Company Ltd	Mauritius	-	86.72	**86.72**	86.72
FTL France SA	Reunion	-	86.72	**86.72**	86.72
FTL International Limited	Mauritius	-	86.72	**86.72**	86.72
FTL Madagascar S.A.	Madagascar	-	86.72	**86.72**	86.72
FTL Regional Investments Ltd	Mauritius	-	86.72	**86.72**	86.72
Hotel Chambly Limited	Mauritius	-	34.26	**34.26**	34.26
Indigo Hotel and Resort Ltd	Mauritius	38.69	22.18	**60.87**	60.87
Jet Transit S.A.R.L	Madagascar	-	86.72	**86.72**	86.72
La Carriere Ltee	Mauritius	-	99.59	**99.59**	99.59
La-Ola SAS	Reunion	-	70.00	**70.00**	70.00
Les Moulins de la Concorde Ltee	Mauritius	12.39	24.21	**36.60**	36.60
Les Pondeuses Reunies Ltee	Mauritius	-	62.84	**62.84**	62.84
LFL Investment Ltd	Mauritius	-	62.84	**62.84**	62.84
LFL Madagascar SARL	Madagascar	-	62.84	**62.84**	62.84
LFL International Rwanda Ltd	Mauritius	-	62.84	**62.84**	-
LFL Rwanda Ltd	Rwanda	-	62.84	**62.84**	-
Livestock Feed Ltd	Mauritius	39.58	23.26	**62.84**	62.84
MADCO Madagascar SARL	Madagascar	100.00	-	**100.00**	100.00

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiary companies are as follows: (cont'd)

Name	Place of business	Direct holding	Indirect holding	**2020** Effective holding	2019 Effective holding
		%	%	**%**	%
Mahe Distributors Ltd	Seychelles	-	62.84	**62.84**	62.84
Maurilait (Seychelles) Limited	Seychelles	-	89.60	**89.60**	89.60
Maurilait Production Ltée	Mauritius	96.62	-	**96.62**	96.62
Maurilait SA	Madagascar	-	96.52	**96.52**	96.52
Maxsa & Cie Ltee	Mauritius	-	-	**-**	89.49
Mokatel Properties Ltd	Mauritius	-	-	**-**	100.00
New Maurifoods Limited	Mauritius	-	100	**100.00**	100.00
Newskills Ltd	Mauritius	100	-	**100.00**	100.00
Oceanarium Mauritius Ltd	Mauritius	34.80	4.33	**39.13**	39.13
Panagora (Seychelles) Limited	Seychelles	-	90.00	**90.00**	90.00
Panagora Madagascar SARL	Madagascar	-	100	**100.00**	100.00
Panagora Marketing Co ltd	Mauritius	100	-	**100.00**	100.00
Panagora Properties Ltd	Mauritius	-	100	**100.00**	100.00
Panexport Co. Ltd	Mauritius	100	-	**100.00**	100.00
Pick 'N' Eat Ltd	Mauritius	86	-	**86.00**	86.00
Pick N Eat Madagascar	Madagascar	-	86.00	**86.00**	86.00
Premier Aquarium Ltd	Mauritius	59.60	7.40	**67.00**	67.00
Premier Education Ltd	Mauritius	80.00	7.32	**87.32**	87.32
Premier Logistics Ltd	Mauritius	74.00	12.72	**86.72**	86.72
Proxi Properties Ltd	Mauritius	100.00	-	**100.00**	100.00
Proxy Investments Ltd	Mauritius	100.00	-	**100.00**	100.00
PXP International Ltd	Mauritius	-	62.84	**62.84**	62.84
Société D'Investissement de Pêche Ltée	Mauritius	100.00	-	**100.00**	100.00
Société Matram	Mauritius	-	-	**-**	100.00
Step Madagascar SARL	Madagascar	-	97.92	**97.92**	97.92
Trois Illots Limited	Mauritius	-	-	**-**	100.00
Tropical Paradise Co Ltd	Mauritius	4.51	27.79	**32.30**	32.30
Villas Chambly Limited	Mauritius	-	32.30	**32.30**	-

Except for Société D'Investissement de Pêche Ltée in which the Group holds "Parts", the Group holds Ordinary shares in each of the above subsidiaries.

All the above subsidiaries have June 30 as year end.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Subsidiaries with material non-controlling interests

(i) Details for subsidiaries that have non-controlling interests (NCI) that are material to the entity:

	Les Moulins de la Concorde Ltee and its subsidiaries		Tropical Paradise Co Ltd and its subsidiaries		Livestock Feed Ltd and its subsidiaries	
	2020	2019	**2020**	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's	**Rs000's**	Rs000's
Result allocated to NCI during the period	**104,695**	35,362	**(51,370)**	20,467	**56,904**	60,215
Accumulated NCI at June 30,	**879,445**	827,347	**836,014**	965,622	**564,377**	523,867

(ii) Summarised statement of financial position and statement of profit or loss and other comprehensive income.

	Les Moulins de Concorde Ltee and its subsidiaries		Tropical Paradise Co Ltd and its subsidiaries		Livestock Feed Ltd and its subsidiaries	
	2020	2019	**2020**	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's	**Rs000's**	Rs000's
Current assets	**852,448**	785,539	**238,052**	176,609	**1,400,916**	1,177,169
Non-current assets	**1,458,811**	1,420,517	**2,486,578**	2,356,021	**1,501,847**	1,441,049
Current liabilities	**418,307**	485,510	**289,067**	275,913	**755,923**	652,698
Non-current liabilities	**317,230**	225,132	**943,118**	678,161	**248,011**	157,121
Revenue	**2,064,828**	1,927,451	**657,649**	888,362	**3,297,556**	2,968,423
Results from continuing operations	**137,027**	97,430	**(77,549)**	35,919	**178,851**	173,843
Other comprehensive income for the year	**(24,233)**	(17,134)	**(8,562)**	1,831	**(47,346)**	4,771
Total comprehensive income for the year	**113,188**	48,828	**(86,111)**	37,750	**131,505**	178,614
Dividend paid to NCI	**(17,821)**	(23,964)	**-**	(9,836)	**(12,573)**	(15,218)

(iii) Summarised cash flow information

Operating activities	**90,284**	277,936	**(55,280)**	107,566	**23,973**	12,776
Investing activities	**(73,686)**	(92,068)	**(150,725)**	(156,416)	**(90,932)**	(107,030)
Financing activities	**207,504**	(143,869)	**231,752**	(16,012)	**38,935**	(64,990)
Net movement in cash and cash equivalents	**231,122**	39,024	**25,747**	(64,862)	**(28,024)**	(159,244)

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

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Les Moulins de La Concorde Ltee (LMLC) is DEM quoted. Although the Group has an effective interest of only 36.60%, the directors consider that the Group has a sufficiently dominant voting interest to direct the relevant activities of LMLC on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The 63.4% ownership interests in LMLC are owned by many shareholders that are unrelated to the Group, none holding more than 2%. There is no history of other shareholders forming a group to exercise their votes collectively.

(e) Although the Group has an effective holding of less than 50% in Oceanarium (Mauritius) Limited and Aquarium Management Services Ltd, the company exercises control through Board representation.

(f) Although the Group has an effective holding of less than 50% in Tropical Paradise Co Ltd, the Company exercises control through Indigo Hotels & Resorts Ltd which holds 49% of the shareholding of Tropical Paradise Co Ltd.

9. INVESTMENT IN ASSOCIATES

(a) THE GROUP

	2020	2019
	Rs000's	Rs000's
At July 1,	**11,390**	694,852
Acquisition of entities under common control (note 33)	-	525,746
Transfer to investment in subsidiaries following acquisition of subsidiaries under common control	-	(1,197,595)
Change from associate to subsidiary	-	(17,689)
Additions	**249**	-
Share of results for the year	**3,802**	4,579
Movement in reserve of associates	**(11)**	1,497
Dividends	**(1,800)**	-
At June 30,	**13,630**	11,390

(b) THE COMPANY

	2020	2019
	Rs000's	Rs000's
Cost		
At July 1,	-	43,973
Additions:		
- Non-cash	-	56,810
Transfer to investment in subsidiaries	-	(82,308)
Transfer to investment in financial assets	-	(18,475)
At June 30,	-	-

9. INVESTMENT IN ASSOCIATES (CONT'D)

The principal associates are as follows:

Name	Nature of business	Direct holding	Indirect holding	**2020** Effective holding	2019 Effective holding
		%	%	**%**	%
Proxy Brokers Ltd	Insurance broker	-	49.00	**49.00**	49.00
CST (Mauritius) Limited	Activities of employment	-	25.00	**25.00**	25.00
Touch Point Ltd	Media business	-	31.50	**31.50**	31.50
Foot Five Ltd	Sport activities	-	25.00	**25.00**	25.00
Laboratoire Internationale de Bio Analyse	Operation of laboratory	-	25.00	**25.00**	25.00
Fair Football Ltd	Investment holding	-	45.00	**45.00**	45.00

All of the associates are incorporated in Mauritius and have June 30 as financial year end.

10. INVESTMENT IN JOINT VENTURE

	THE GROUP **2020**	THE GROUP 2019
	Rs000's	Rs000's
At July 1,	**4,697**	5,939
Share of result for the year	**(444)**	2,633
Share of other comprehensive income	**285**	(322)
Dividends	**-**	(3,553)
At June 30,	**4,538**	4,697

(a) Details of the material joint venture at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Country of incorporation	Proportion of interest and voting rights held
Interex SA	Courrier express	Madagascar	50%

Interex SA is a private company and there is no quoted market price available for its shares.

(b) **Summarised financial information**

Summarised financial information in respect of the Group's material interest in the joint venture is set out below.

The summarised financial information below represents the group's share of amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

	2020	2019
	Rs000's	Rs000's
Assets		
Non-current assets	**2,171**	2,132
Current assets	**9,603**	11,629
	11,774	13,761
Liabilities		
Current liabilities	**7,236**	9,064
Net assets	**4,538**	4,697

10. INVESTMENT IN JOINT VENTURE (CONT'D)

	2020	2019
	Rs000's	Rs000's
Income	**29,435**	28,918
(Loss)/profit before taxation	**(346)**	3,405
Income tax	**(98)**	(772)
(Loss)/profit after taxation	**(444)**	2,633

(i) The interest in joint venture has been accounted under equity method.

(ii) There are no contingencies relating to the Group's interest in the joint venture. The average number of employees in the joint venture in 2020 was 37(2019: 35).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs000's	Rs000's	Rs000's	Rs000's
(a) At July 1,				
- as previously stated	**247,474**	211,496	**26,938**	32,954
- Prior year adjustment (note 39)	**(26,210)**	-	**-**	-
- as restated	**221,264**	211,496	**26,938**	32,954
Acquisition of subsidiaries under common control (note 33)	**-**	228,445	**-**	-
Additions	**16,812**	5,566	**1,816**	-
Disposal	**(23,394)**	(8,294)	**(100)**	(230)
Transfer to investment in subsidiary	**-**	(176,260)	**-**	(32,012)
Transfer from investment in associates	**-**	-	**-**	18,475
Consolidation adjustment	**-**	(26,210)	**-**	-
(Decrease)/increase in fair value	**(24,785)**	(13,479)	**48**	7,751
At June 30,	**189,897**	221,264	**28,702**	26,938
Analysed as follows:				
- Quoted equity securities - Mauritius (Level 1)	**93,762**	76,696	**26,366**	26,303
- Unquoted equity securities-Mauritius (Level 3)	**96,135**	144,568	**2,336**	635
	189,897	221,264	**28,702**	26,938

(i) Financial assets measured at fair value through other comprehensive income include the Company's/Group's equity investments not held for trading. The Company/Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these investments.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

(iii) The fair value of quoted securities is based on published market prices. The fair value of unquoted securities are based on net assets and price to book multiple.

(iv) Financial assets at fair value through other comprehensive income include the following:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Quoted:	**Rs000's**	Rs000's	**Rs000's**	Rs000's
SBM Holdings Ltd	**-**	2,106	**-**	-
National Investment Trust	**-**	374	**-**	-
MCB Group	**5,524**	3,038	**-**	-
Tropical Paradise Co	**-**	-	**76**	93
Les Moulins de la Concorde Ltee - preference shares	**-**	-	**26,291**	26,210
Mauritius Freeport Development Co Ltd	**85,125**	68,251	**-**	-
Constance Hotels Ltd	**1,481**	2,513	**-**	-
Medical & Surgical Centre Limited	**1,632**	414	**-**	-
Unquoted:				
Veranda Resorts Ltd	**62,076**	104,553	**-**	-
Belle Mare Golf Club	**1,495**	1,495	**-**	-
S & W Synergy Ltd	**4,000**	5,000	**-**	-
Ecocentre Ltee	**2,351**	2,351	**-**	-
Le Tertre Property Ltd	**5,000**	5,000	**-**	-
Domaines et Terroirs Ltée	**3,000**	3,000	**-**	-
Blended Services Ltd	**2,003**	2,003	**-**	-
Others	**16,210**	21,166	**2,335**	635
	189,897	221,264	**28,702**	26,938

(v) Financial assets at fair value through other comprehensive income are denominated in Mauritian Rupees.

(vi) The significant unobservable inputs used in measuring the fair value of Level 3 securities are as follows:

Description	Fair values at June 30, 2020	2019	Valuation technique	Unobservable inputs
	Rs000's	Rs000's		
Veranda Resorts Ltd	**62,076**	104,553	Price/Book Multiple	Price/Book Multiple of 0.35 - 0.53 Illiquidity discount of 20%

Other remaining investments are not materially sensitive to changes in unobservable inputs.

12. OTHER FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP			
	2020		2019	
	Rs000's	**Rs000's**	Rs000's	Rs000's
	Current	**Non-current**	Current	Non-current
Loans to related parties (note (i))	**-**	**3,500**	-	4,250
Other receivables (note (ii))	**-**	**10,718**	-	1,547
	-	**14,218**	-	5,797

	THE COMPANY			
	2020		2019	
	Rs000's	**Rs000's**	Rs000's	Rs000's
	Current	**Non-current**	Current	Non-current
Loans to related parties (note (i))	**125,115**	**17,300**	3,000	19,059
Dividend receivable	**23,218**	**-**	74,489	-
	148,333	**17,300**	77,489	19,059

(i) The loans to related parties for the Company are unsecured, carry interest at 1.85%-3.50% and are repayable on demand. The directors have assessed that the loans to related parties are not impaired and are fully recoverable.

(ii) No collateral is held on the other receivables.

(iii) Impairment and risk exposure

The loss allowance for other financial assets at amortised cost at July 01, 2019 and June 30, 2020 is nil.

(iv) The carrying amounts of the other financial assets at amortised cost are denominated in Mauritian Rupees.

13. BIOLOGICAL ASSETS

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
(a) At July 01,	**188,299**	147,973
Acquisition through business combination (note 34(a))	**-**	2,235
Purchase cost of growing and fair value gains	**1,361,989**	1,379,313
Disposals and decrease due to depletion	**(1,373,914)**	(1,341,222)
At June 30,	**176,374**	188,299
Analysed as follows:		
Non-current	**6,165**	5,600
Current	**170,209**	182,699
	176,374	188,299

(b) The carrying amounts of biological assets are as follows:

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Bearer biological assets	**93,599**	61,980
Consumable biological assets	**82,775**	126,319
	176,374	188,299

13. **BIOLOGICAL ASSETS (CONT'D)**

(c) The total quantity of bearer and consumable biological assets on hand at year end was 3,027,579 units for the Group (2019: 2,945,426 units).

(d) The fair value measurements for consumable biological assets have been categorised as Level 3 fair value based on inputs to the valuation techniques used. There have been no transfers of assets to a different level.

(e) Significant unobservable inputs when determining the fair values of the consumable biological assets include the hatchability, mortality and margin rate. A 5% change in each of the inputs would result in a change of Rs.3.3m in the fair values for the Company and Rs.4.1m for the Group as at June 30, 2020.

(f) The Group is exposed to the risk of diseases which may cause mortality rate of live birds to increase. However, the Group has in place processes aimed at monitoring and mitigating this risk, including strict controls over health and safety.

14. **DEFERRED INCOME TAX**

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2019: 17%) for Mauritian Companies and 20%-30% (2019: 20%-30%) for foreign companies.

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.

(a) The following amounts are shown in the statement of financial position:

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Deferred tax assets	**(19,287)**	(5,849)
Deferred tax liabilities	**641,029**	673,654
	621,742	667,805

(b) The movement on the deferred income tax acount is as follows:

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
At July 1,		
- as previously stated	**649,324**	282,114
- Prior year adjustment (note 39)	**18,481**	18,272
- as restated	**667,805**	300,386
Acquisition of subsidiaries under common control (note 33)	**-**	331,371
Exchange difference	**(1,282)**	(220)
Acquisition through business combination (note 34(a))	**-**	6,223
Reversal of deferred tax	**-**	1,676
(Credited)/charged to other comprehensive income	**(31,497)**	9,030
Credit to equity	**-**	(1,058)
(Credited)/charged to profit or loss (note 18(b))	**(13,284)**	20,397
At June 30,	**621,742**	667,805

14. **DEFERRED INCOME TAX (CONT'D)**

(c) Deferred income tax assets are recognised for tax losses only to the extent that realisation of the related tax benefit is probable.

The Company has a deferred tax asset which is not recognised in the statement of financial position due to the unpredictability of future taxable profit streams. The Company has tax losses of Rs'000 97,003 (2019: Rs'000 93,557) being carried forward.

(d) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

THE GROUP	At July 1, 2019	Prior year adjustment	Effect of adopting IFRS 16	Exchange difference	Credited to equity	Credited to OCI	Charged/ (credited) to profit or loss	**At June 30, 2020**
Deferred income tax liabilities	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	**Rs000's**
Accelerated tax depreciation	415,766		-	(978)	-	-	30,219	**445,007**
Assets Revaluation	353,825	18,481	-	-	-	-	(2,502)	**369,804**
Provision for bad debts	-	-	-	(62)	-	-	(3,337)	**(3,399)**
Right-of-use assets	-	-	76,877	(89)	-	-	3,875	**80,663**
	769,591	18,481	76,877	(1,129)	-	-	28,255	**892,075**
Deferred income tax assets								
Lease liabilities	-	-	(76,877)	92	-	-	(7,133)	**(83,918)**
Tax losses	(31,354)	-	-	65	-	-	(32,652)	**(63,941)**
Employee benefit liabilities	(88,913)	-	-	(310)	-	(31,497)	(1,754)	**(122,474)**
	(120,267)	-	(76,877)	(153)	-	(31,497)	(41,539)	**(270,333)**
Net deferred income tax liabilities	**649,324**	**18,481**	**-**	**(1,282)**	**-**	**(31,497)**	**(13,284)**	**621,742**

14. DEFERRED INCOME TAX (CONT'D)

THE GROUP	At July 1, 2018	Prior year adjustment	Acquisition of subsidiaries under common control	Acquisition through business combination	Reversal	Exchange difference	Credited to equity	Credited to OCI	Charged/ (credited) to profit or loss	**At June 30, 2019**
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	**Rs000's**
Deferred income tax liabilities										
Accelerated tax depreciation	200,312	-	159,653	2,150	-	-	-	-	53,651	**415,766**
Assets Revaluation	151,990	18,272	205,513	4,173	-	-	(1,058)	-	(6,584)	**372,306**
	352,302	18,272	365,166	6,323	-	-	(1,058)	-	47,067	**788,072**
Deferred income tax assets										
Tax losses	(11,185)	-	(813)	-	1,676	(220)	-	-	(20,812)	**(31,354)**
Employee benefit liabilities	(59,003)	-	(32,982)	(100)	-	-	-	9,030	(5,858)	**(88,913)**
	(70,188)	-	(33,795)	(100)	1,676	(220)	-	9,030	(26,670)	**(120,267)**
Net deferred income tax liabilities	**282,114**	**18,272**	**331,371**	**6,223**	1676	**(220)**	**(1,058)**	**9,030**	**20,397**	**667,805**

15. INVENTORIES

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Raw materials	**1,058,941**	986,224
Finished goods	**52,603**	87,200
Work in progress	**1,903**	2,824
Goods in transit	**410,950**	104,899
Foodstuffs /processed goods	**639,938**	350,012
Consumables and spare parts	**309,005**	292,148
Others	**7,906**	10,419
	2,481,246	1,833,726
Cost of inventories recognised as expense in cost of sales	**5,840,170**	5,219,855

Bank borrowings of the group are secured by floating charges on the assets of the Group.

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Trade receivables	**1,009,807**	1,236,900	**9,386**	9,684
Less provision for impairment	**(60,096)**	(41,159)	**-**	-
Trade receivables - net	**949,711**	1,195,741	**9,386**	9,684

(i) *Impairment of Trade receivables*

The Company has not recorded any provision for impairment since it considers the probability of default to be nil. The services are provided to companies of the Eclosia Group.

The Group applies 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, significance of the customers and the days past due.

The expected loss rates are based on the payment profiles of sales before June 30, 2019 or July 1, 2018 respectively and the corresponding historical credit losses experienced within this period. 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. Some of the Group's receivables are insured under a Credit Protection Insurance which is taken into consideration in assessing the expected credit losses.

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) *Impairment of Trade receivables (cont'd)*

On that basis, the loss allowance as at June 30, 2020 and July 01, 2019 (on adoption of IFRS 9) was determined as follows for trade receivables:

THE GROUP

At June 30, 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Expected loss rate	**0.0%**	**0.1%**	**9.2%**	**13.2%**	**6.0%**
Gross carrying amount - trade receivable	**358,862**	**185,339**	**39,355**	**426,251**	**1,009,807**
Loss allowance	**80**	**108**	**3,640**	**56,268**	**60,096**

At June 30, 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Expected loss rate	0.1%	0.1%	3.9%	9.7%	3.4%
Gross carrying amount - trade receivable	465,074	312,923	71,003	391,155	1,240,155
Loss allowance	341	172	2,762	37,884	41,159

The closing loss allowances for trade receivables as at June 30, 2019 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
At July 1,	**41,159**	32,282	-	-
Acquisition of subsidiaries under common control (note 33)	-	1,327	-	-
Loss allowance recognised in profit or loss during the year	**22,470**	16,510	-	-
Receivables written off during the year as uncollectible	**(2,191)**	(8,086)	-	-
Unused amount reversed	**(1,805)**	(139)	-	-
Recoveries	**(385)**	(184)	-	-
Exchange differences	**848**	(551)	-	-
At June 30,	**60,096**	41,159	-	-

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) *Impairment of Trade receivable s (cont'd)*

(ii) 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	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Rupee	**506,366**	617,393	**9,386**	9,684
Euro	**123,836**	87,753	**-**	-
US Dollar	**209,049**	207,780	**-**	-
Ariary and others	**110,460**	282,815	**-**	-
	949,711	1,195,741	**9,386**	9,684

(iii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security, except that some subsidiaries take credit insurance against default for some of their debtors.

17. PREPAYMENTS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Prepayments	**108,840**	140,166	**484**	5,728
Deposits	**108,163**	13,060	**-**	-
Prepayment on leasehold land	**-**	53,743	**-**	-
Other receivables	**471,841**	328,368	**75**	-
	688,844	535,337	**559**	5,728

Deposits consist mainly of Rs'000 87,607 being deposit on leasehold land made by a subsidiary company on signature of a 'Compromis de ventre' for the acquisition of a piece of land.

18. CURRENT TAX LIABILITY

(a) **Statement of financial position**

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
At July 1,	**33,825**	67,032
Acquisition of subsidiaries under common control (note 33)	**-**	24,760
Acquisition through business combination	**-**	480
Current tax on adjusted profit for the year at 15%/20%/28% (2019: 15%/20%/28%)	**114,104**	128,495
Corporate Social Responsibility (CSR)	**14,782**	15,718
Over provision in previous years	**(6,481)**	(5,004)
Exchange difference	**289**	(15)
Refund from MRA	**1,750**	-
Foreign witholding tax	**144**	2,164
Underlying tax	**(1,499)**	(108)
CSR paid during the year	**(7,228)**	(9,748)
Net tax paid during the year	**(124,412)**	(189,949)
At June 30,	**25,274**	33,825

18. CURRENT TAX LIABILITY (CONT'D)

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
The tax liability can be analysed as follows:		
Current income tax asset	**(25,130)**	(25,633)
Current income tax payable	**50,404**	59,458
	25,274	33,825

(b) **Profit or loss**

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Current tax on adjusted profit for the year at 15%/20%/28% (2019: 15%/20%/28%)	**114,104**	128,495	-	-
Over provision in previous years	**(6,481)**	(5,004)	-	-
Foreign witholding tax	**144**	2,164	-	-
Underlying tax	**(1,499)**	(1,598)	-	-
Deferred tax (note 14(b))	**(13,284)**	20,397	-	-
Income tax charge	**92,984**	144,454	-	-
Corporate social responsibility (CSR)	**14,782**	15,718	-	-
	107,766	160,172	-	-
Analysed as:				
Continuing operations	**107,766**	159,952	-	-
Discontinued operations (note (20(b))	-	220	-	-
	107,766	160,172	-	-

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Profit before tax and share of results of associates and joint venture (including loss from discontinued operations	**344,662**	808,630	**38,329**	805,563
Tax at the rate of 15%/20%/28% (2019:15%/20%/28%)	**36,341**	138,810	**6,516**	136,946
Income not subject to tax	**(35,159)**	(55,456)	**(10,439)**	(141,439)
Over provision in previous years	**(6,481)**	(5,004)	-	-
Expenses not deductible for tax purposes	**85,462**	62,443	**3,923**	4,493
Other adjustments	**4,560**	1,016	-	-
Underlying tax credit	**(5,757)**	-	-	-
Tax losses on which no deferred tax asset was recognised	**14,018**	2,645	-	-
Corporate Social Responsibility (CSR)	**14,782**	15,718	-	-
	107,766	160,172	-	-

19. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value of assets/ (liabilities)	
	2020	2019
THE GROUP	**Rs000's**	Rs000's
Forward foreign exchange contracts - cash flow hedges	**4,471**	3,974
Options	**4,352**	13,058
	8,823	17,032

(a) Cash flow forward foreign exchange contracts

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currency. Where the risk to the Group is considered to be significant, treasury will enter into a matching forward foreign exchange contract with a reputable bank.

(b) *Options*

The Group uses maize and soya bean call options to hedge itself against future increases in the price of maize and soya beans. The options qualify as a cash flow hedge and the gains/losses on the hedging instrument are recognised in equity. The gains/losses are then removed from the cash flow hedge reserve and included directly in the initial cost of inventory.

The effects of the options hedging relationships are as follows at June 30:

THE GROUP AND THE COMPANY	**2020**	2019
	Rs000's	Rs000's
Carrying amount of derivatives	**4,352**	13,058
Change in fair value of designated hedging instruments	**(1,785)**	2,432
Change in fair value of designated hedged item	**(1,785)**	2,432
Notional amount	**4352**	175,559
Maturity date	**September 20 - May 21**	September 19 - May 20
Hedge ratio	**1:1**	1:1

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

The carrying amounts of the derivative financial assets are denominated in US dollar.

Hedging

The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Group enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed.

20. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) On December 31, 2018, one of the subsidiaries of the Group, Amigel Ltd ceased its operations. Amigel Ltd entered into a process of disposing all its plant and equipment.

(b) An analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets is as follows:

	2019
	Rs'000s
Revenue	6,035
Expenses	(37,283)
Other income	-
Loss before tax of discontinued operations	(31,248)
Tax (note 18(b))	(220)
Loss after tax of discontinued operations	(31,468)
Loss for the year from discontinued operations	(31,468)

		2019
		Rs'000s
(c)	Operating cash flows	207
	Investing cash flows	-
	Financing cash flows	(3,182)
	Total cash flows	(2,975)

		2020	2019
(d)	**Non-current assets classified as held for sale**	**Rs'000s**	Rs'000s
(i)	*Disposal group held for sale:*		
	Trade Receivables	-	675
	Other current asset	**602**	3,338
		602	4,013
	Non-current assets held for sale:		
	Property, plant and equipment (note 5)	-	5,901
		602	9,914

		2020	2019
(e)	Liabilities directly associated with non-current assets classified as held for sale:	**Rs'000s**	Rs'000s
	Trade and other payables	-	2,199

In accordance with IFRS 5, the assets and liabilities held for sale were written down to their fair value less costs to sell. This is a non-recurring fair value which has been measured using an internal valuation, and is therefore within Level 3 of the fair value hierarchy.

22. OTHER RESERVES (CONT'D)

THE GROUP	Revaluation and other reserves	Actuarial reserve	Financial assets at FVOCI reserve	Translation reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2018					
- as previously stated	789,401	(129,033)	11,862	(11,369)	660,861
- Prior year adjustment (note 39)	1,014	-	-	-	1,014
- as restated	790,415	(129,033)	11,862	(11,369)	661,875
Acquisition of subsidiaries under common control (note 33)	706,995	(69,008)	(82,600)	(57)	555,330
Movements on other comprehensive income					
Remeasurements of post employment benefit obligations	-	46,690	-	-	46,690
Related deferred tax	-	(9,030)	-	-	(9,030)
Decrease in fair value of financial assets at FVOCI	-	-	(13,479)	-	(13,479)
Exchange differences	-	-	-	(6,407)	(6,407)
Hedging reserve	(3,195)	-	-	-	(3,195)
Movement in reserves of subsidiaries	402	-	-	-	402
Movement in reserves of joint venture	(322)	-	-	-	(322)
Movement in reserves of associates	1,497	-	-	-	1,497
Total gross movement	(1,618)	37,660	(13,479)	(6,407)	16,156
Less share of non-controlling interests	4,318	(4,392)	14,796	-	14,722
Net movements	2,700	33,268	1,317	(6,407)	30,878
Consolidation adjustment	-	-	(19,842)	-	(19,842)
Transfer to retained earnings	(10,588)	(520)	(49,569)	-	(60,677)
At June 30, 2019	**1,489,522**	**(165,293)**	**(138,832)**	**(17,833)**	**1,167,564**

22. OTHER RESERVES (CONT'D)

	Actuarial reserve	Financial assets at FVOCI reserve	Total
	Rs'000	Rs'000	Rs'000
THE COMPANY			
At July 1, 2018	(22,216)	41	(22,175)
Remeasurements of post employment benefit obligations	(4,770)	-	(4,770)
Increase in fair value of financial assets at fair value through OCI	-	7,751	7,751
At June 30, 2019	(26,986)	7,792	(19,194)
Remeasurements of post employment benefit obligations	**(7,822)**	-	**(7,822)**
Decrease in fair value of financial assets at fair value through OCI	-	**48**	**48**
At June 30, 2020	**(34,808)**	**7,840**	**(26,968)**

(i) **Revaluation reserve**
The revaluation reserve is used to record increases in fair value of property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(ii) **Financial assets at FVOCI reserve**
Gains or losses arising on financial assets at fair value through other comprehensive income.

(iii) **Translation reserve**
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(iv) **Actuarial reserve**
Actuarial reserve represents the cumulative remeasurement of defined benefit obligation recognised.

(v) **Reserve arising on Group restructuring**
This reserve arises on the business combination of entities under common control.

23. RETIREMENT BENEFIT OBLIGATIONS

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Funded				
Pension benefits (note (a) (ii))	**612,025**	463,746	**36,854**	28,893
Unfunded				
Swan Life - Defined contribution	**130,934**	84,006	**2,504**	899
Swan Life - Employees aged over 60	**8,927**	8,573	**8,927**	8,574
MUA	**65,819**	35,051	**-**	-
Other post retirement benefits (note (b) (i))	**205,680**	127,630	**11,431**	9,473
	817,705	591,376	**48,285**	38,366

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Statement of profit or loss and other comprehensive income				
Amount charged in profit or loss:				
Funded				
Pension scheme (note (a)(v))	**52,268**	53,130	**2,577**	2,272
Unfunded				
Swan Life - Defined contribution	**10,263**	8,676	**144**	46
Swan Life - Employees aged over 60	**197**	513	**197**	513
MUA	**7,908**	2,966		-
Other post retirement benefits (note (b)(iii))	**18,368**	12,155	**341**	559
	70,636	65,285	**2,918**	2,831

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Amounts (credited)/charged charged to other comprehensive income:				
Funded				
Pension scheme (note (a)(vi))	**149,475**	(25,116)	**6,204**	4,075
Unfunded				
Swan Life - Defined contribution	**44,616**	(22,664)	**1,462**	177
Swan Life - Employees aged over 60	**156**	518	**156**	518
MUA	**24,478**	572		-
Other post retirement benefits (note (b)(iv))	**69,250**	(21,574)	**1,618**	695
	218,725	(46,690)	**7,822**	4,770

(a) Pension benefits

(i) The Company and the Group contribute to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life and a benefit on death or disablement in service before retirement. The level of benefits provided depends on member's length of service and their salary in the final years leading to retirement.

The assets of the fund are held independently and administered by 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 June 30, 2020 by Swan Life (Actuarial Valuer). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Present value of funded obligations	**877,344**	774,420	**52,548**	43,714
Fair value of plan assets	**(265,319)**	(310,674)	**(15,694)**	(14,821)
Liability in the statement of financial position	**612,025**	463,746	**36,854**	28,893

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
At July 1,	**463,746**	325,513	**28,893**	23,044
Acquisition of subsidiaries under common control (note 33)	-	130,670	-	-
Charged to profit or loss (note (a)(v))	**52,268**	53,130	**2,577**	2,272
Charged/(credited) to other comprehensive income (note (a)(vi))	**149,475**	(25,116)	**6,204**	4,075
Transfer of value	**(6,301)**	-	-	-
Contributions paid	**(47,163)**	(20,451)	**(820)**	(498)
At June 30,	**612,025**	463,746	**36,854**	28,893

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
At July 1,	**774,420**	606,090	**43,714**	36,797
Acquisition of subsidiaries under common control (note 33)	-	268,101	-	-
Current service cost	**24,100**	21,625	**958**	936
Interest cost	**34,922**	45,119	**1,944**	1,639
Contributions by plan participants	**2,816**	6,134	**300**	300
Actuarial losses/(gains)	**148,543**	(23,166)	**5,955**	4,042
Benefits paid	**(107,457)**	(149,483)	**(323)**	-
At June 30,	**877,344**	774,420	**52,548**	43,714

23. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(a) Pension benefits (cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
At July 1,	**310,674**	280,577	**14,821**	13,753
Acquisition of subsidiaries under common control (note 33)	-	137,431	-	-
Transfer from related company	**6,301**	2,750	-	-
Interest income	**4,584**	3,702	-	-
Expected return on plan assets	**7,358**	14,383	**662**	616
Remeasurement - actuarial losses	**469**	1,951	**(250)**	(33)
Acturial losses	**(2,446)**	-	-	-
Scheme expenses	**(1,716)**	(175)	-	-
Cost of insuring risk benefits	**(4,055)**	(4,759)	**(338)**	(313)
Employer contributions	**47,719**	18,350	**822**	498
Employee contributions	**3,888**	5,947	**300**	300
Benefits paid	**(107,457)**	(149,483)	**(323)**	-
At June 30,	**265,319**	310,674	**15,694**	14,821

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Current service cost	**24,100**	21,625	**958**	936
Net interest cost	**22,980**	27,034	**1,281**	1,023
Scheme expenses	**1,716**	175	-	-
Cost of insuring risk benefits	**4,055**	4,759	**338**	313
Past service cost	**18**	-	-	-
Acturial loss	**1,744**	-	-	-
Direct benefits paid	**(2,345)**	(463)	-	-
Total included in employee benefit expense	**52,268**	53,130	**2,577**	2,272
Actual return on plan assets	**8,575**	20,029	**413**	582

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Losses/(gains) on pensions scheme assets	**3,351**	(1,951)	**250**	33
Experience losses/(gains) on the liabilities	**41,732**	24,428	**(532)**	5,503
Changes in assumptions underlying the present value of the scheme	**104,392**	(47,593)	**6,486**	(1,461)
	149,475	(25,116)	**6,204**	4,075

23. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(a) Pension benefits (cont'd)

(vii) The assets in the plan were:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Fixed Income	**103,111**	81,062	**7,564**	4,210
Local Equities	**51,387**	47,137	**2,323**	1,971
Foreign Equities	**63,992**	44,892	**4,488**	2,239
Cash	**19,241**	9,011	**1,319**	537
Properties	**3,937**	778	-	-
Qualifying Insurance Policy	**16**	127,794	-	5,864
Debt Instruments	**23,635**	-	-	-
Total Market value of assets	**265,319**	310,674	**15,694**	14,821

(viii) The assets of the plan are invested in the Eclosia Group Pension Fund which includes a diversified portfolio of asset classes.

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	%	%	**%**	%
Discount rate	**2%-5.3%**	4%-5.6%	**2.0%**	4.4%
Future long term salary increase	**2%-2.5%**	2.5%	**2.0%**	2.5%
Future guaranteed pension increase	**0.0%**	0.0%	**0.0%**	0.0%

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

	THE GROUP	THE COMPANY
2020	Rs000's	Rs000's
- Decrease due to 1% increase in discount rate	(49,890)	290
- Increase due to 1% increase in future long-term salary assumption	58,410	4
2019	Rs000's	Rs000's
- Decrease due to 1% increase in discount rate	31,134	1,916
- Increase due to 1% increase in future long-term salary assumption	46,759	969

An increase in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

23. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(a) Pension benefits (cont'd)

(x) Sensitivity analysis on defined benefit obligations at end of reporting date: (cont'd)

The sensitivity above have been determined based on a method that extrapolates the impact on net benefit obligation 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 project unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(xi) The defined benefit pension plan exposes the company to actuarial risks, such as longevity risk, interest rate risk, market (investment) risk and salary risk as described below:

- Interest rate risk: If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.
- Investment risk: The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.
- Salary risk: If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.
- Longevity Risk: Pensions are bought out with an insurance company at retirement. Once bought out, the risk is therefore shifted to the insurance company. However, there is the risk that the cost of annuities increases before buying out.

(xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xiii) Expected contributions for the year ending June 30, 2021 are Rs. 35.2m for the Group and Rs.0.99m for the Company.

(xiv) The weighted average duration of the defined benefit obligation is 5 years for the Company and between 3 and 22 years for the group at the end of the reporting period .

(b) Other post retirement benefits

Unfunded

- Swan Life - Defined contribution
  The liability relates to employees who are entitled to Retirement Gratuities payable under the Workers' Rights Act 2019. The latter provides for a lump sum at retirement based on final salary and years of service. For employees who are members of the Defined Contribution plan, half of any lumpsum and 5 years of pension (relating to Employer's share of contributions only) payable from the pension fund have been offset from the Retirement Gratuities.
- Swan Life - Retirement Gratuity (employees aged over and under 60)
  The Retirement Gratuity provides for a lump sum based on company service and final salary to be paid at retirement.
- MUA
  The IAS 19 liability relates to the residual gratuity for scheme members. 5 times of any annual fund pension relating to employer's share of contributions can be offset from the retirement gratuity.

23. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(b) Other post retirement benefits (cont'd)

Unfunded (cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Present value of unfunded obligations	**205,680**	127,630	**11,431**	9,473

(ii) The reconciliation of the opening balances to the closing balances for the net benefit liability and the movement in the defined benefit obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
At July 1,	**127,630**	81,236	**9,473**	8,219
Acquisition of subsidiaries under common control (note 33)	**-**	63,783	**-**	-
Acquisition through business combination (note 34(a)(i))	**-**	590	**-**	-
Charged to profit or loss	**18,368**	12,155	**341**	559
Charged/(credited) to other comprehensive income	**69,250**	(21,574)	**1,617**	695
Reversal of other post retirement benefits	**-**	(16)	**-**	-
Benefits paid	**(9,568)**	(8,544)	**-**	-
At June 30,	**205,680**	127,630	**11,431**	9,473

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Current service cost	**11,755**	5,878	**87**	-
Past service cost	**2,142**	-	**-**	-
Interest cost	**5,674**	7,535	**254**	559
Benefit paid	**(587)**	(213)	**-**	-
Curtailment	**(899)**	(1,045)	**-**	-
Expense charged to profit and loss	**283**	-	**-**	-
Total included in employment benefit expense	**18,368**	12,155	**341**	559

23. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(b) Other post retirement benefits (cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Remeasurement in net defined benefit liability	**(66)**	53	-	-
Experience loss on liabilities	**26,082**	(12,304)	**(66)**	1,449
Losses on pension scheme assets	**4,422**	-	-	-
Changes in assumptions underlying the present value of the scheme	**38,812**	(9,323)	**1,684**	(754)
Remeasurement in net defined benefit liability	**69,250**	(21,574)	**1,618**	695

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	%	%	**%**	%
Discount rate	**0.4%-4.1%**	2.3-6%	**0.4%-4.1%**	2.3-6%
Future long term salary increase	**2%-2.5%**	2.5%	**2.0%**	2.5%

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

	THE GROUP	THE COMPANY
2020	Rs000's	Rs000's
- Decrease due to 1% increase in discount rate	**(55,598)**	**506**
- Increase due to 1% increase in future long-term salary assumption	**72,573**	**497**
2019	Rs000's	Rs000's
- Increase due to 1% decrease in discount rate	23,489	1,010
- Increase due to 1% increase in future long-term salary assumption	45,753	1,042

(c) Defined contribution plan

The Group also operates a defined contribution retirement benefit plan for staff employees. Payments to the defined contribution retirement plans are charged as an expense as they fall due. The assets of the fund are held independently and administered by Swan Life.

24. BORROWINGS

	THE GROUP		THE COMPANY	
	2020	2019 Restated	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Non-current (note 24(a))	**1,685,341**	1,266,502	-	-
Current (note 24(b))	**1,914,700**	1,901,389	**7,967**	-
Total borrowings	**3,600,041**	3,167,891	**7,967**	-

24. BORROWINGS (CONT'D)

	THE GROUP		THE COMPANY	
	2020	2019 Restated	**2020**	2019
(a) Non-current	**Rs000's**	Rs000's	**Rs000's**	Rs000's
Term loans (note 24(c))	**1,463,659**	1,011,643	-	-
Debentures (note 24(g))	**70,000**	70,000	-	-
Convertible debentures (note 24(f))	**22,652**	21,573	-	-
Obligations under finance leases (note 24(d))	-	8,248	-	-
Redeemable preference shares (note 24(e))	**129,030**	155,038	-	-
	1,685,341	1,266,502	-	-

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
(b) Current	**Rs000's**	Rs000's	**Rs000's**	Rs000's
Bank overdraft	**1,258,285**	1,229,730	**7,967**	-
Term loans (note 24(c))	**370,157**	443,945	-	-
Import loans	**286,258**	214,934	-	-
Obligations under finance leases (note 24(d))	-	12,780	-	-
	1,914,700	1,901,389	**7,967**	-

Term loans are secured by fixed and floating charges on the assets of the Group.

The bank overdrafts are secured by floating charges on the assets of the Group.

(c) Term loan can be analysed as follows	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Not later than 1 year	**370,157**	443,945	-	-
After one year and before five years	**876,514**	709,157	-	-
After five years	**587,145**	302,486	-	-
	1,833,816	1,455,588	-	-

(d) Finance lease liabilities - minimum lease payments	THE GROUP		THE COMPANY	
	2020	2019	**2019**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Not later than 1 year	-	13,952	-	-
After one year and before five years	-	8,694	-	-
	-	22,646	-	-
Future finance charges on finance leases	-	(1,618)	-	-
Present value of finance lease liabilities	-	21,028	-	-

The present value of finance lease liabilities may be analysed as follows:	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Not later than 1 year	-	12,780	-	-
After one year and before five years	-	8,248	-	-
	-	21,028	-	-

24. BORROWINGS (CONT'D)

(d) Lease are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The company leases vehicles under finance leases. The leases have varying terms, purchase options, escalation clauses and renewal rights. Renewals are at the option of the specific entity that holds the lease.

There are no restrictions imposed on the company by lease arrangements other than in respect of the specific assets being leased.

(e) Redeemable preference shares

	THE GROUP		THE COMPANY	
	2020	2019 Restated	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
At July 1,				
-as previously stated	**96,405**	-	-	-
- prior year adjustment (note 39)	**58,633**	58,633	-	-
- as restated	**155,038**	58,633	-	-
Acquisition of subsidiaries under common control (note 33)	-	57,974	-	-
Reclassification from equity	**3,536**	-	-	-
Call on redeemable preference shares	**12,000**	37,000	-	-
Interest accrued	**3,456**	1,431	-	-
Redemption of preference shares (note (i))	**(45,000)**	-	-	-
At June 30,	**129,030**	155,038	-	-

Redeemable preference shares consist of the following:

(i) 2,467,105 ordinary shares of Rs.10 each out of total shares held by Tambourissa Limited in Avipro Co Ltd were converted into 450 Redeemable Preference Shares of no par value in 2017. The preference shareholders were entitled to 7% dividend per annum and were redeemed at a price of Rs 100,000 each during the year.

(ii) Oceanarium (Mauritius) Ltd issued 6,000,000 no par value non-voting convertible redeemable cumulative preference shares on 27 March 2017 and a further 3,600,000 shares in June and November 2018. The rights of the preference shareholders are as follows:
(i) redeemable at the option of the Company;
(ii) In the event that the preference shares are not redeemed at the end of year 8 as from the date of opening of the aquarium, the preference shares can be converted at the option of the preference Shareholder to ordinary shares based on discounted company value.
(iii) The preference shareholders are entitled to cumulative dividend of 6.5%.

(iii) Les Moulins de la Concorde Ltee has Rs'000 30,000 of preference shares in issue. The preference shares are entitled to a fixed cumulative dividend of 13% per annum in preference to the holders of ordinary shares.

(iv) Tropical Paradise Co Ltd has Rs'000 28,633 of preference shares in issue. The preference shares are entitled to a fixed cumulative dividend of 8% per annum and any amount unpaid as at the date of winding up would become payable in priority to holders of ordinary shares.

(f) Convertible debentures
The convertible debentures were issued in 2018 and are repayable in 2024. The debentures are compound instruments, with the debt portion representing the mandatory repayment in 2024 discounted by a market rate of 5%, representing the interest rate of a similar instrument without the conversion treatment.

24. BORROWINGS (CONT'D)

(g) Debentures

	THE GROUP	
	2020	2019
The maturity of non-current convertible debentures is as follows:	**Rs'000**	Rs'000
After five years	**70,000**	70,000

The debentures shall mature on the 7th anniversary of the subscription date. The subscription date is January 10, 2019 and interest rate is 5%.

Debentures are secured as follows:

- A floating charge over all assets of Hotel Chambly Limited and fixed charge on Lot 29 of the "Immeuble - "Les Remparts de Chambly" situated at Tombeau Bay for an amount equal to Rs.70m in principal plus interests, costs, commissions, charges and accessories and
- The MCB to be named as co-insured and sole loss payee on the insurance policy (all risks and perils) of The Address Boutique Hotel.

(h) The exposure of borrowings, except debentures and preference shares, to interest-rate changes and the contractual repricing dates are as follows:

THE GROUP	**One year**	**2 - 5 years**	**Total**
	Rs000's	Rs000's	Rs000's
At June 30, 2020	**3,378,359**	**-**	**3,378,359**
At June 30, 2019	2,892,004	8,248	2,900,252

(i) The effective interest rates at the end of the reporting date were as follows:

	2020		2019	
THE GROUP	**Rs.**	**MGA**	Rs.	MGA
	%	**%**	%	%
Bank overdrafts	**3.25%-6.25%**	**9.25%-12.50%**	3.25%-6.25%	11.40%-12.50%
Bank borrowings	**3.50%-7.25%**	**7.25%-11.50%**	5.75%-6.25%	8.00%-12.00%
Import loans	**2.50%-5.0%**	**8.50%-11.50%**	2.50%-5.28%	11.10%-11.90%
Finance lease liabilities	**6.85%-7.75%**	-	7.25%-11%	-
Convertible debentures	**5%**	-	5%	-
Debentures	**5%**	-	5%	-

	2020		2019	
	SCR	**USD**	SCR	USD
	%	**%**	%	%
Bank overdrafts	**10%**	**1.68%-3.68%**	**9.50%**	3.74%-5.93%
Bank borrowings	**10%**	**-**	**9.50%**	-

THE COMPANY	**2020**	2019
	%	%
Finance lease liabilities	**-**	7.5%

24. BORROWINGS (CONT'D)

(j) The carrying amounts of borrowings are not materially different from the fair value.

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Mauritian rupee	**2,558,480**	2,516,693	-	-
USD	**261,432**	208,170	-	-
Euro	-	1,578	-	-
Seychelles Rupees	**46,487**	42,055	-	-
Malagasy Ariary (MGA)	**733,642**	399,395	-	-
	3,600,041	3,167,891	-	-

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Trade payables	**445,006**	405,795	-	-
Amount payable to related companies	**877**	6,442	**981**	312
Accruals	**420,329**	274,671	**10,562**	4,890
Deferred income	-	5,623	-	-
Other payables	**339,939**	414,745	**836**	742
	1,206,151	1,107,276	**12,379**	5,944

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Rupee	**1,128,743**	777,875	**12,379**	5,944
Euro	**4,313**	37,716	-	-
US Dollar	**30,823**	30,942	-	-
Other currencies	**42,272**	260,743	-	-
	1,206,151	1,107,276	**12,379**	5,944

The carrying amounts of trade and other payables approximate their fair value.

26. DIVIDENDS

	THE COMPANY	
	2020	2019
	Rs000's	Rs000's
Ordinary dividends of Rs. Nil per share (2019: Rs.6.96)	-	100,000
	-	100,000

27. REVENUE

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
(a) The following is an analysis of the Group's and the Company's revenue for the year:				
Revenue from sale of goods	**9,657,193**	9,838,340	-	-
Revenue from rendering of services	**1,707,046**	2,028,367	**129,971**	129,564
Revenue from contracts with customers	**11,364,239**	11,866,707	**129,971**	129,564

27. REVENUE (CONT'D)

(b) Disaggregation of revenue from contracts with customers

2020	Business services	Food	Hotels & leisure	Commerce	Education	Logistics	Total
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Segment revenue	726,282	8,620,666	657,649	5,284,693	207,714	888,737	16,385,741
Inter-segment revenue	(595,750)	(3,715,228)	(3,484)	(532,938)	(3,460)	(170,642)	(5,021,502)
Revenue from contracts with external customers	130,532	4,905,438	654,165	4,751,755	204,254	718,095	11,364,239
Primary geographic markets							
Mauritius	120,795	2,931,380	654,165	4,543,567	204,254	491,490	8,945,651
Seychelles	-	50;811	-	32,360	-	-	83,171
Madagascar	9,737	1,719,876	-	175,828	-	192,565	2,098,006
Comoros	-	41,281	-	-	-	-	41,281
Mayotte	-	51,395	-	-	-	-	51,395
Reunion	-	32,105	-	-	-	-	32,105
South Africa	-	-	-	-	-	34,040	34,040
Others	-	78,590	-	-	-	-	78,590
	130,532	4,905,438	654,165	4,751,755	204,254	718,095	11,364,239
Product type							
Goods	-	4,905,438	-	4,751,755	-	-	9,657,193
Services	130,532	-	654,165	-	204,254	718,095	1,707,046
	130,532	4,905,438	654,165	4,751,755	204,254	718,095	11,364,239
Timing of revenue recognition							
At a point in time	60,099	4,903,644	320,746	4,751,755	2,530	68,787	10,107,561
Over time	70,433	1,794	333,419	-	201,724	649,308	1,256,678
	130,532	4,905,438	654,165	4,751,755	204,254	718,095	11,364,239

27. **REVENUE (CONT'D)**

(c) Disaggregation of revenue from contracts with customers

2019	Business services	Food	Hotels & leisure	Commerce	Education	Logistics	Total
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Segment revenue	727,575	8,262,027	888,362	5,284,259	210,756	1,142,207	16,515,186
Inter-segment revenue	(364,515)	(3,426,884)	(536)	(589,172)	(8,996)	(258,376)	(4,648,479)
Revenue from contracts with external customers	363,060	4,835,143	887,826	4,695,087	201,760	883,831	11,866,707
Primary geographic markets							
Mauritius	356,730	3,129,613	887,826	4,527,113	201,760	883,831	9,986,873
Seychelles	-	107,114	-	41,530	-	-	148,644
Madagascar	6,330	1,278,564	-	126,444	-	-	1,411,338
Comoros	-	66,324	-	-	-	-	66,324
Mayotte	-	54,497	-	-	-	-	54,497
Reunion	-	42,288	-	-	-	-	42,288
Others	-	156,743	-	-	-	-	156,743
	363,060	4,835,143	887,826	4,695,087	201,760	883,831	11,866,707
Product type							
Goods	-	4,780,120	363,155	4,695,065	-	-	9,838,340
Services	363,060	55,023	524,671	22	201,760	883,831	2,028,367
	363,060	4,835,143	887,826	4,695,087	201,760	883,831	11,866,707
Timing of revenue recognition							
At a point in time	23,149	4,835,143	887,826	4,695,087	7,151	70,039	10,518,395
Over time	339,911	-	-	-	194,608	813,793	1,348,312
	363,060	4,835,143	887,826	4,695,087	201,759	883,832	11,866,707

27. REVENUE (CONT'D)

(d) Assets and liabilities related to contracts with customers

	THE GROUP	
	Contract liabilities	
	2020	2019
	Rs000's	Rs000's
At July 01,	**58,566**	75,976
Amounts included in contract liabilities that were recognised as revenue during the period	**(54,812)**	(127,147)
Cash received in advance of performance and not recognised as revenue during the year	**85,503**	109,737
At June 30,	**89,257**	58,566

Contract liabilities arise from the Group's services, where contracts' period can run over the next financial year, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

28. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Depreciation				
- owned assets	**560,989**	488,910	-	69
- leased assets	-	2,565	-	-
Amortisation charge on intangible assets	**57,420**	37,033	-	-
Amortisation of right-of-use assets	**92,599**	-	-	-
Cost of inventories recognised as expenses	**5,840,170**	5,219,855	-	-
Employee benefit expense (note 29)	**2,045,700**	1,986,696	**67,963**	69,074
Professional fees	**58,291**	44,755	-	-
Direct costs associated to services	**148,219**	163,666	-	-
Repairs and maintenance	**186,215**	189,847	-	-
Royalties	**96,253**	99,861	-	-
Storage costs	**92,536**	65,803	-	-
Utilities costs	**308,937**	329,620	-	-
Transportation costs	**98,329**	183,963	-	-
Other expenses	**1,348,046**	2,238,551	**82,578**	88,122
	10,933,704	11,051,125	**150,541**	157,265

28. EXPENSES BY NATURE (CONT'D)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Cost of sales and direct costs	**8,861,678**	9,020,321	**134,625**	139,307
Administrative expenses	**2,072,026**	2,030,804	**15,916**	17,958
	10,933,704	11,051,125	**150,541**	157,265

29. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Analysis of staff costs	**Rs000's**	Rs000's	**Rs000's**	Rs000's
Key management personnel compensation				
- Salaries and short term employee benefits	**63,122**	64,221	**63,122**	64,221
- Pension costs and other costs	**4,841**	4,853	**4,841**	4,853
Other personnel				
- Wages and salaries	**1,811,320**	1,766,281	-	-
- Pension costs and other costs	**166,417**	151,341	-	-
	2,045,700	1,986,696	**67,963**	69,074

30. OTHER INCOME

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Dividend income				
- cash	**3,888**	17,268	**44,656**	442,718
- Non-cash (Note (i))	-	-	-	380,348
Interest income	**2,563**	9,246	**3,385**	1,629
Profit on disposal of plant and equipment	**5,385**	4,793	-	-
Profit on disposal of investment in subsidiary companies	-	-	-	4,042
Profit on disposal of investment in financial assets	-	-	-	4,370
Government Wage Assistance Scheme	**29,819**	-	-	-
Advertising income	**12,123**	8,947	-	-
Net proceeds from insurance (note (ii))	-	32,589	-	-
Child development centre fees	**5,055**	6,214	-	-
Other income	**84,853**	67,789	**10,892**	169
	143,686	146,846	**58,933**	833,276

Government Wage Assistance Scheme relates to financial support received from the Government with respect to the COVID-19 pandemic.

30. OTHER INCOME (CONT'D)

(i) In 2019, the non-cash dividend received consists of the following distribution by a subsidiary company:

	2019
	Rs000's
Investment in subsidiaries	323,538
Investment in associates	56,810
	380,348

(ii) In 2019, a subsidiary company of the Group received an insurance compensation in respect of loss of profit resulting from delay of operating the warehouse at Valentina due to unforeseen circumstances.

31. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Interest expense:				
- Bank overdraft	**52,425**	33,788	**11**	-
- Bank and other loans	**100,519**	84,854	**-**	-
- Lease liabilities	**45,233**	1,868	**-**	-
- Others	**18,822**	9,276	**-**	-
	216,999	129,786	**11**	-
Dividend on preference shares	**12,278**	21,150	**-**	-
Fair value loss on derivative financial instruments	**-**	248	**-**	-
Net foreign exchange difference	**(19,998)**	(45,041)	**23**	12
	209,279	106,143	**34**	12

32. NOTES TO STATEMENT OF CASH FLOWS

		THE GROUP		THE COMPANY	
			Restated		
		2020	2019	**2020**	2019
(a)	**Cash from operating activities**	**Rs000's**	Rs000's	**Rs000's**	Rs000's
	Profit before tax - continuing operations	**348,020**	847,310	**38,329**	805,563
	Loss before tax - discontinued operations	-	(31,248)	-	-
	Adjustments for:				
	Depreciation on property, plant and equipment	**560,989**	491,475	-	69
	Amortisation of intangible assets	**57,420**	37,033	-	-
	Amortisation of right-of-use assets	**92,599**	-	-	-
	Exchange loss on options	-	248	-	-
	Impairment of available-for-sale financial assets	-	-	-	-
	(Profit)/loss on disposal of subsidiaries	-	-	-	(4,042)
	Fair value loss on derivative financial instruments	-	393	-	-
	Gain on dissolution of subsidiaries	**(5,500)**	-	-	-
	Provision for impairment of receivables	**20,280**	16,187	-	-
	Dividend income	**(3,888)**	(17,268)	**(44,656)**	(823,066)
	Dividend paid on preference shares	**12,278**	21,150	-	-
	Interest expense	**216,999**	129,786	**11**	-
	Interest income	**(2,563)**	(9,246)	**(3,385)**	(1,629)
	Loss on disposal of options	-	12,654	-	-
	Loss on disposal of intangible assets	-	-	-	-
	Assets scrapped	**11,020**	2,732	-	-
	Intangible assets scrapped	-	3,464	-	-
	Profit on disposal of plant and equipment	**(5,385)**	(4,793)	-	-
	Loss on dissolution of subsidiary	-	-	-	-
	Grant income	-	-	-	-
	Impairment of investment in subsidary	-	-	-	-
	Profit on disposal of investment in financial assets	-	-	-	(4,370)
	Loss on disposal of associate	-	-	-	-
	Share of result of associates	**(3,802)**	(4,579)	-	-
	Share of result of joint venture	**444**	(2,633)	-	-
	Movement in employee benefit liabilities	**13,905**	36,275	**2,098**	2,333
		1,312,816	1,528,940	**(7,603)**	(25,142)
	Changes in working capital:				
	-Inventories	**(647,520)**	(18,495)	-	-
	-Trade and other receivables	**73,586**	348,075	**10,711**	(44,742)
	-Biological assets	**11,925**	(38,091)	-	-
	-Import and export loans	**71,324**	6,766	-	-
	-Trade and other payables and contract liabilities	**129,566**	(545,178)	**6,435**	(10,874)
	Cash generated from/(used in) operations	**951,697**	1,282,017	**9,543**	(80,758)

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

(b) Reconciliation of liabilities arising from financing activities

THE GROUP

	2019	Recognised on adoption of IFRS 16	Cash flows	Non-cash changes	2020
	Rs000's	Rs000's	Rs000's	Rs000's	Rs000's
Bank and other loans	1,455,586	-	383,428	(5,198)	1,833,816
Preference shares	155,038	-	(33,000)	6,992	129,030
Debentures	70,000	-	-	-	70,000
Lease liabilities	21,028	727,151	(122,084)	53,591	679,686
Convertible debentures	21,573	-	-	1,079	22,652
	1,723,225	727,151	228,344	55,385	2,735,184

2019

	2018	Cash flows	Non-cash changes	2019
	Rs000's	Rs000's	Rs000's	Rs000's
Bank and other loans	853,540	175,013	427,033	1,455,586
Preference shares	58,633	37,000	59,405	155,038
Debentures	70,000	-	-	70,000
Lease liabilities	23,947	(18,273)	15,354	21,028
Convertible debentures	21,573	-	-	21,573
	1,027,693	193,740	501,792	1,723,225

(c) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Cash and cash equivalents	**653,803**	829,016	**17**	40,480
Bank overdraft	**(1,258,285)**	(1,229,730)	**(7,967)**	-
	(604,482)	(400,714)	**(7,950)**	40,480

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Cash and cash equivalents are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Mauritian Rupee	**401,265**	593,589	**17**	40,080
EURO	**63,822**	68,148	-	-
USD	**128,788**	97,067	-	-
Ariary	**54,270**	64,667	-	-
Others	**5,658**	5,545	-	-
	653,803	829,016	**17**	40,080

The currency profile of bank overdrafts are disclosed in total borrowings (note 24(k)).

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

(d) Non cash transactions

THE COMPANY

(i) Non-cash transactions include transfer of investments to the Company on dissolution of a subsidiary and transfer of loan receivable from a subsidiary to investment

THE GROUP

The principal non-cash transactions relate to:

(i) Acquisition of right-of-use assets (note 5A)

(ii) Amalgamation of Trois Illots Limited with Avipro Co Ltd.

(iii) Reclassification of redeemable preference shares and convertible debentures to borrowings.

33. BUSINESS COMBINATIONS UNDER COMMON CONTROL

In 2019, the Company acquired 100% of Avipro Co Ltd (Avipro). The transaction is a business combination of entities under common control as the combining entities are ultimately controlled by the same parties both before and after the business combination.

The acquisition was completed as follows:

(i) Issue of shares to existing shareholders of Avipro in exchange for their shareholding of 69.29% in Avipro;

(ii) Amalgamation of Tambourissa 2 Limited with and into the Company. Tambourissa 2 Limited held 30.71% of the shareholding of Avipro.

The combination of entities was effected in order to obtain a more lenient and efficient structure which will be in the interest of all shareholders.

The Company issued 6,970,631 ordinary shares at Rs. 10 each to the existing shareholders of Avipro in exchange for 100% of its shareholding. Following the business combination, the following companies became subsidiaries of the Group:

Name of company	Effective holding
New Maurifoods Limited	100%
Agrifarms Ltd	100%
Avitech SARL	100%
Proxi Properties Ltd	100%
Circus Properties Ltd	78%
Avipro International Co Ltd	100%
Avipro East Africa Limited	100%
La Carriere Ltee	99.60%
Les Moulins de La Concorde Ltee	36.60%
Oceanarium (Mauritius) Ltd	39.10%
Farmshop SA	81.42%

33. BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONT'D)

At the date of the business combination, Avipro held 33.33% of Trois Illots Limited, which became an associate of the Group. During the year, the Group acquired additional shares in Trois Illots Limited to bring the shareholding to 100% (Refer to note 34(a)(i)).

Avipro and its subsidiaries also held minority stakes in some companies, in which the Group was already exercising control. The new shareholding in these companies are as follows:

Name of company	Effective holding
Panagora Marketing Company Limited	100%
Eclosia Technology Services Ltd	100%
Premier Education Co Limited	87.30%
Tropical Paradise Co Ltd	32.30%
Livestock Feed Limited	62.80%

The following table summarises the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	Rs'000
Consideration	
Issue of shares - non-cash	69,706
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	3,522,751
Intangible assets	64,729
Investments in associated companies	525,746
Financial assets at fair value through other comprehensive income	228,445
Non current receivables	6,000
Biological assets	147,973
Deferred tax assets	593
Inventories	891,311
Trade and other receivables	605,976
Cash and cash equivalents	134,365
Trade and other payables	(542,743)
Retirement benefit obligations	(194,453)
Borrowings	(885,374)
Deferred tax liabilities	(331,964)
Current tax liabilties	(24,760)
Total identifiable net assets	4,148,595
Other movements	(1,427,831)
Total impact on equity	**2,720,764**

33. BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONT'D)

The other movements relate to :
• Amalgamation adjustment of Rs'000 753,651 as a result of the amalgamation of Tambourissa 2 Limited into the Company;
• Adjustments to identifiable net assets and reserves following changes in minority stakes held by the Group after the restructuring exercise.

	Rs'000
The impact on equity can be analysed as follows:	
Reserve arising on Group Restructuring	479,060
Revaluation and other reserves	706,995
Actuarial reserve	(69,008)
Financial assets at fair value through OCI reserve	(82,600)
Translation reserve	(57)
Retained earnings	1,743,375
	2,777,765
Non-controlling interests	(57,001)
	2,720,764

Net cash outflow on business combination under common control	
Cash at bank	134,365
Bank overdrafts	(385,185)
	(250,820)

The revenue included in the consolidated financial statements since July 1, 2018 contributed by the combining entities was Rs'000 2,998,963. They also contributed profit of Rs'000 253,181 over the same period.

34. BUSINESS COMBINATIONS

(a) Acquisition of subsidiary

(i) **2019**

On June 30, 2019, a subsidiary company of the Group, Avipro Co Ltd acquired an additional 66.67% in Les Trois Ilots Limited for Rs.60m and obtained control of the investee.

The investee was previously an associate of Avipro, whose main activity consists of contract growing of broilers exclusively for sale to the Company.

Avipro acquired Trois Ilots Limited to secure the contract growing business which is aligned with the long-term strategy of the Company.

The following table summarises the consideration paid for Trois Ilots Limited and the amounts of the assets acquired and the liabilities assumed recognised at the acquisition date.

34. BUSINESS COMBINATIONS (CONT'D)

(a) Acquisition of subsidiary (cont'd)

	2020
Consideration	Rs000's
Cash consideration	60,000
Fair value of equity interest before the business combination	17,689
	77,689

	2020
	Rs000's
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	50,408
Biological assets	2,235
Inventories	183
Trade and other receivables	6,147
Cash and cash equivalents	5,473
Retirement benefit obligations	(590)
Deferred tax liability	(6,223)
Trade and other payables	(4,086)
Current tax liability	(480)
Purchase of business	24,622
Total identifiable net assets	77,689

Net cash outflow on acquisition of subsidiary

Consideration paid in cash	60,000
Less: cash and cash equivalent balances acquired	(5,473)
	54,527

Had Trois Ilots Limited been consolidated from July 01, 2018, revenue would have been Rs. 28.5m higher and profit would have been Rs.5.6m higher.

On July 1, 2019, Avipro Co Ltd amalgamated with Trois Illots Ltd with Avipro Co Ltd remaining as the surviving company. (see note 40).

(b) Acquisition of additional interest in subsidiaries

2019

(i) During the year, two subsidiaries of the Group, Maurilait (Seychelles) Limited and Maurilait SA issued additional shares leading to an increase in the effective interest by 12.30% and 0.96% respectively.

Name of company	Group share of net assets at date of acquisition
	Rs'000
Maurilait (Seychelles) Limited	54,234
Maurilait SA	45,315
	99,549

34. BUSINESS COMBINATIONS (CONT'D)

(b) Acquisition of additional interest in subsidiaries (cont'd)

2019

The Group recognised an increase in non controlling interest of Rs'000 5,198 and a decrease in retained earnings of Rs'000 6,427.

The following summarises the effect of changes in the Group's (parent) ownership interest in the above Companies:

	2019
	Rs'000
Parent's ownership interest at the beginning of the period	(6,519)
Cost of additional interest	107,667
Effect of increase in parent's ownership interest	(5,198)
Share of profit or loss and other comprehensive income	(26,132)
Parent's ownership interest at the end of the period	69,818

35. RELATED PARTY TRANSACTIONS

	Associated companies		Companies with common management	
THE GROUP	**2020**	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Purchase of goods and services	**21,282**	33,374	**2,315**	10,321
Sale of goods and services	**13,086**	617	**-**	68
Interest paid	**-**	-	**70**	253
received	**-**	142	**150**	-
Management fees paid	**-**	472	**-**	1,327
Loan receivable	**3,500**	4,250	**-**	-
Amount receivable	**12,250**	-	**259**	427
Amount payable	**143**	6,328	**734**	114

THE COMPANY	Subsidiary companies		Associated companies	
	2020	2019	**2020**	2019
	Rs000's	Rs000's	**Rs000's**	Rs000's
Purchase of goods and services	**82,600**	75,452	**-**	-
Sale services	**129,971**	129,524	**-**	40
Interest received	**3,385**	1,629	**-**	-
Amount receivable	**32,604**	84,173	**-**	-
Amount payable	**981**	312	**-**	-
Loans receivable	**142,415**	22,059	**-**	-

35. RELATED PARTY TRANSACTIONS (CONT'D)

Terms and conditions of transactions with related parties

Outstanding balances at the year-end, other than loans which are unsecured, are interest free and settlement occurs in cash. Loans receivable and payable are on normal commercial terms and in the normal course of business. There has been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Company did not record any impairment of receivables relating to amounts owed by related parties (2019: Rs.Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(a) Key management personnel compensation

The key management personnel compensation for the Group and the Company is disclosed in note 29.

36. CONTINGENCIES & COMMITMENTS

(i) **Bank Guarantees**

At June 30, 2020, the Group had bank guarantees arising in the ordinary course of business, amounting to Rs. 107.0m (2019: Rs.103.7m), from which it is anticipated that no material liabilities would arise.

(ii) **Commitment**

The Group has capital expenditure contracted for but not recognised in the financial statements as at June 30, 2020 as follows:

	THE GROUP	
	2020	2019
	Rs000's	Rs000's
Property, plant and equipment	**547,824**	1,229,934
Intangible assets	**27,054**	48,047
	574,878	1,277,981

(iii) **Vat penalty**

The Mauritius Revenue Authority (MRA) has fined one of the subsidiaries of the Group with Rs.6,075,000 representing VAT, interest and penalty on compensation paid in 2009 on termination of contract. 30% of the total amount (Rs.1,822,500) had been paid in prior years on appeal and during the year the MRA ruled that the subsidiary was liable to pay the remaining amount of Rs.4,876,200. This amount has not been expensed as management has taken the decision to appeal against the decision.

(iv) A subsidiary, which has ceased its operations is being sued by its ex-employee for compensation for loss of office. No liability has been recorded as the outcome of the case is uncertain and the amount is unknown.

(v) At June 30, 2020, a subsidiary company had contingent liabilities in respect of a fine of Rs.30m from the Competition Commission of Mauritius in respect of resale price maintenance of 'Chantecler' branded chicken. The Company has appealed against this decision and management is not anticipating any material liabilities from this case.

(vi) **Operating lease commitments**

The Group leases land under non-cancellable operating lease agreements. The lease has varying terms, escalation clauses and renewal rights.

36. CONTINGENCIES & COMMITMENTS (CONT'D)

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

	THE GROUP
	2019
	Rs000's
Not later than 1 year	70,731
Later than 1 year and not later than 5 years	245,232
Later than 5 years	464,568
	780,531

37. HOLDING AND ULTIMATE HOLDING ENTITIES

The Company is controlled by Société des Aléas which owns 55% of the Company's shares. The ultimate holding entity is Société Beauvoir Holdings, a société civile.

Both the holding and the ultimate holding entities are incorporated in Mauritius and have their registered address at Gentilly, Moka.

38. CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements - IFRS 16

The Group adopted IFRS 16 with a transition date of July 1, 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. July 1, 2019) and recognised in the opening equity balances.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

<u>Transition Method and Practical Expedients Utilised</u>
The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 1, 2019), without restatement of comparative figures. The definition of a lease under IFRS 16 was applied to all contracts entered into by the Group.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Applied a single discount rate to the portfolio of leases with reasonably similar characteristics;

(b) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

38. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Impact on the financial statements - IFRS 16 (cont'd)

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for all its leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	**Right-of-use assets**	**Lease liabilities**
Operating leases	land and buildings, retail outlets, machinery and computer equipment: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at July 1, 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 6%-10%.
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statements of financial position as at July 1, 2019:

THE GROUP	Adjustments	June 30, 2019 As originally presented	IFRS 16	July 1, 2019
		Rs'000	Rs'000	Rs'000
Assets				
Property, plant and equipment	(a)	9,060,417	(17,370)	9,043,047
Intangible assets	(b)	587,171	(110,772)	476,399
Right-of-use assets	(c)	-	835,361	835,361
Liabilities				
Lease liabilities	(d)	-	(748,179)	(748,179)
Borrowings		(3,167,891)	21,028	(3,146,863)

38. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property,plant and equipment by Rs'000 30,367 and accumulated depreciation by Rs'000 12,997 for a net adjustment of Rs'000 17,370.

(b) Payments made on acquisition of leasehold rights has been reclassified to right-of-use assets.

(c) The adjustment to right-of-use assets is as follows:

	THE GROUP
	Rs000's
Operating type leases	817,991
Finance type leases	17,370
Right-of-use assets	835,361

(d) The following table reconciles the minimum lease commitments disclosed in the Company's June 30, 2019 annual financial statements to the amount of lease liabilities recognised on July 1, 2019:

	THE GROUP
	July 1, 2019
	Rs000's
Minimum operating lease commmitment at June 30, 2019	780,531
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(53,380)
Lease liabilities for leases classified as operating type under IAS 17	727,151
Plus: leases previously classified as finance type under IAS 17	21,028
Lease liability as at July 1, 2019	748,179
Of which are:	
Current lease liabilities	83,511
Non-current lease liabilities	664,668
	748,179

39. PRIOR YEAR ADJUSTMENT

THE GROUP

The impact on the financial statements is as follows:

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

	June 30, 2019		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Cost of sales and direct costs	8,914,830	105,491	9,020,321
Administrative expenses	2,115,938	(85,134)	2,030,804
Finance costs	118,499	(12,356)	106,143
Income tax expense	145,515	(1,061)	144,454
Profit for the year	662,610	(6,940)	655,670

39. PRIOR YEAR ADJUSTMENT (CONT'D)

The adjustment to the statement of profit or loss and other comprehensive income can be analysed as follows:

	Cost of sales	Administrative expenses	Finance costs	Income tax expense	Profit for the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Reclassification of direct costs (note (d)(i))	98,516	(98,516)	-	-	-
Reclassification of commission on credit cards (note (d)(ii))	-	13,382	(13,382)	-	-
Interest accrued on convertible debentures (note (d)(v))		-	1,026	-	(1,026)
Adjustment to depreciation charge (note (d)(iii))	6,975	-	-	-	(6,975)
Impact of adjustment to depreciation on deferred tax (note (d)(iii))	-	-	-	(1,061)	1,061
	105,491	(85,134)	(12,356)	(1,061)	(6,940)

39. PRIOR YEAR ADJUSTMENT (CONT'D)

(b) *Statement of financial position*

(i)

	July 1, 2018		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Non-current borrowings	(617,082)	(85,742)	(702,824)
Deferred tax liabilities	(300,532)	(18,272)	(318,804)
Capital and reserves			
Retained earnings	(2,207,772)	7,436	(2,200,336)
Other reserves	(660,861)	(1,014)	(661,875)
Non-controlling interest	(2,634,427)	97,592	(2,536,835)

The adjustments consist of the following:

	Note	Borrowings	Deferred tax liabilities	Retained earnings	Other reserves	Non-controlling interest
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Reclassification of preference shares	(d)(iv)	65,195	-	-	-	(65,195)
Reclassification of convertible debentures	(d)(v)	20,547	-	-	-	(20,547)
Overstatement of deferred tax liabilities	(d)vi)	-	18,272	(7,436)	1,014	(11,850)
Total adjustments as at July 1, 2018		85,742	18,272	(7,436)	1,014	(97,592)

39. PRIOR YEAR ADJUSTMENT (CONT'D)

(b) *Statement of financial position (cont'd)*

(ii)

	June 30, 2019		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Property, plant and equipment	9,067,392	(6,975)	9,060,417
Financial assets at fair value through other comprehensive income	247,474	(26,210)	221,264
Trade and other receivables (note (d)(viii))	1,165,812	29,929	1,195,741
Financial assets at amortised cost (note (d)(viii))	105,191	(105,191)	-
Prepayments and other receivables (note (d)(viii))	458,772	76,565	535,337
Non-current borrowings	(1,186,295)	(80,207)	(1,266,502)
Deferred tax liabilities	(655,173)	(18,481)	(673,654)
Capital and reserves			
Retained earnings	(4,404,188)	9,609	(4,394,579)
Other reserves	(1,665,452)	18,828	(1,646,624)
Non-controlling interest	(2,788,491)	102,133	(2,686,358)

The adjustments consist of the following:	Property, plant and equipment	Financial assets at FVOCI	Borrowings	Deferred tax liabilities	Retained earnings	Other reserves	Non-controlling interest
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Adjustments as at July 1, 2018 (note (b)(i))	-	-	(85,742)	(18,272)	7,436	(1,014)	97,592
Reversal of fair value adjustment (note (d)(vii))	-	(26,210)	6,561	-	-	19,649	-
Adjustment to depreciation charge (note (d)(iii))	(6,975)	-	-	-	2,390	-	4,585
Deferred tax adjustment (note (d)(iii))	-	-	-	1,061	(364)	-	(697)
Interest accrued on convertible debentures (note (d)(v))	-	-	(1,026)	-	352	-	674
Others	-	-	-	(1,270)	(205)	193	(21)
Adjustments as at June 30, 2019	(6,975)	(26,210)	(80,207)	(18,481)	9,609	18,828	102,133

39. PRIOR YEAR ADJUSTMENT (CONT'D)

(c) *Statement of cash flows*

	June 30, 2019		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Profit before taxation	855,311	(8,001)	847,310
Depreciation charge	484,500	6,975	491,475
Interest expense	128,761	1,025	129,786

(d) During the year, management reviewed the accounting of the transactions detailed below and concluded that they were wrongly accounted for in prior years. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the reported figures in the year ended June 30, 2019 and prior years have been restated.

(i) Direct costs amounting to Rs.98.5m, previously accounted for as administrative expenses have been reclassified to cost of sales.

(ii) Commission expense on credit cards amounting to Rs.13.3m, previously accounted for as finance costs, have been reclassified to administrative expenses.

(iii) Depreciation on leasehold/freehold buildings were adjusted by Rs.6.9m due to a lower residual value applied at June 30, 2019. Deferred tax was also adjusted accordingly for an amount of Rs.1m.

(iv) Preference shares issued by two subsidiary companies were previously accounted for as an equity item in its entirety. The terms of the preference shares included a mandatory fixed cumulative dividend of 8% and 13%, meeting the definition of a liability under the requirements of IAS 32. The present value of the mandatory cash flows has been computed after applying a discount representing the effective interest rate applicable at the time of issue. An amount of MUR 65m was therefore reclassified from equity to borrowings.

(v) Convertible debentures previously accounted in equity has been reclassified to borrowings as it includes a debt portion. Therefore, an amount of Rs.20.5m and Rs.21.5m has been reclassified as at July 1, 2018 and June 30, 2019 respectively. The difference represents interest accrued during the year ending June 30, 2019.

(vi) It was noted that the deferred tax liability, on revaluation of asset, was wrongly being calculated since the deferred tax credit was being released in retained earnings and revaluation reserve and same. was based on the excess depreciation from revaluation surplus of property, plant and equipment. This lead to an understatement of the deferred tax liability by Rs.18.2m at July 1, 2018 and Rs.19.5m at June 30, 2019.

(vii) The Company held investments in preference shares of a subsidiary company of the Group which was carried at fair value. Following reclassification of preference shares to borrowings, the cumulative fair value adjustment was reversed and the investment eliminated against borrowings. Therefore, an amount of Rs.19.6m was reversed in fair value reserve and Rs.6.5m eliminated against borrowings at June 30, 2019.

(viii) It was noted that financial assets at amortised cost were not properly classified in accordance with IFRS 9. Therefore, an amount of Rs.105m was reclassified from financial assets at amortised cost to trade receivables and other receivables as appropriate.

40. AMALGAMATION

On July 1, 2019, a subsidiary company, Avipro Co Ltd amalgamated with Trois Ilots Ltd with Avipro Co Ltd remaining as the surviving company. Trois Ilots Ltd was fully owned by Avipro Co Ltd and there was no issue of shares following the amalgamation.

The principal activities of Trois Ilots Ltd consisted of raising the Company's chicks under a contract grower agreement before selling them to Avipro Co Ltd for processing.

All the assets and liabilities of Trois Ilots Limited have been taken over by Avipro Co Ltd at date of amalgamation as follows:

	Trois Ilots Ltd
	Rs000's
Property, plant and equipment	50,408
Biological assets	2,235
Inventories	183
Trade and other receivables	6,147
Cash and cash equivalents	5,473
Retirement benefit obligations	(590)
Deferred tax liability	(6,223)
Trade and other payables	(5,753)
Current tax liability	(480)
Net assets	51,400
Consolidation adjustment	(77,689)
Effect on equity - Group level	(26,289)

41. DISSOLUTION

During the year, the process of winding up were completed for the following entities:

(i) Maxsa & Cie Ltee, a subsidiary of Avipro Co Ltd - The Group recognised a change in non-controlling interest of Rs '000 3,322 and a loss on dissolution of Rs'000 84.

(ii) Societe de Courcelles, a subsidiary of Proxy Investments Ltd - The Group recognised a decrease in non-controlling interest of Rs'000 10,278 and a decrease in other reserves of Rs'000 6,825. Gain on winding up amounted to Rs'000 5,584.

(iii) Societe Matram, a subsidiary of the Company - The latter transferred its investments in Les Moulins de La Concorde Ltee to the Company on dissolution. There was no gain on dissolution.

42. SIGNIFICANT EVENTS

The advent of COVID-19 has severely impacted many economies around the globe - with businesses forced to cease or limit operations for indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to commercial activities, resulting in an unprecedented economic downturn. Global stock markets have also experienced great volatility and a significant weakening.

In Mauritius, the Government announced a lockdown which lasted between the 19th March 2020 and 31th May 2020 - including travel restrictions which are being lifted in phases, starting October 2020.

42. SIGNIFICANT EVENTS (CONT'D)

Consequently, the effects of COVID-19 on the Company's financial performance over the financial year ending 30th June 2020 have been as follows: -

- Significant fall in dividend income as its subsidiaries have been impacted by the pandemic;
- Increased retirement benefit obligations due to lower discount rate pursuant to Covid linked interest rate cuts.

Despite the above adverse impact, the Company has recorded profits of Rs.38.3m and its equity amounted to Rs.1,413m . The Company has not encountered any liquidity issues and has been able to pay its obligations on time. No dividend has been paid to shareholders for the current financial year. The Company expects to remain profitable in 2021 as necessary measures are being taken by its subsidiary companies to address the impact of COVID 19.

The impact of the COVID 19 pandemic on the main clusters of the Group is as follows:

Food

Although, the pandemic had a negative impact on several food companies, in general revenue generated by the food cluster has not been materially affected by the COVID 19 pandemic as it deals mainly in essential foodstuff. There has been no major disruption in operations as the main entities of the cluster have been able to maintain production during the lockdown period despite a reduced workforce. The fall in revenues required certain entities to experience some liquidity issues which were taken care of with the assistance of local financial institutions. The low level of debt prior to the pandemic ensured that these assistances could be obtained easily. As a result, the cluster has been able to pay its obligations on time and has not encountered liquidity issues:

The following measures have been taken to address the above impact:

• New sales strategies
• Review of production process to optimise costs and overheads
• No dividend declaration in 2021
• Optimisation of banking facilities

Commerce

The impact was as follows:

• Adverse impact on sales
• Depreciation of the Mauritian Rupee making imported goods more expensive
• Longer lead times and shortages of stock
• Reduction in local trade and non-trade supplies

The following measures have been taken to address the adverse impact of COVID 19:

• Redirect resources to other segments, longer credit terms for hotels, debtors risk strictly followed
• Cost optimization actions
• Engage into forward currency contracts
• Imposition of maximum order quantities with customers
• Dealing with new suppliers
• No dividend payment
• Optimisation of banking facilities

42. SIGNIFICANT EVENTS (CONT'D)

Based on the above measures, the cluster has been able to pay its obligations on time and has not encountered liquidity issues.

Hotels and Leisure

The Hotels and Leisure segment is limited in terms of revenue generating capacity and potential with the Mauritian borders remaining closed. The shortfall in revenue has affected cash flows while the focus is on optimizing business with local clients. Management has performed a cash flow forecast and concluded that the companies in the segment will have sufficient cash to continue operations over the next twelve months. Accomodation activities are expected to resume gradually in 2021 while revenue is derived mainly though local consumption in 2020. Credit lines from banking institutions are available as well as banking facilities of Rs.210m under the 'Bank of Mauritius COVID 19 Support Programme'.

Logistics

The logistics segment has experienced a fall in sales due to disruption in operations during the lockdown period.

Despite the fall in sales, the segment was profitable in 2020 and expects to remain profitable in 2021. Cost cutting measures have been adopted as well as no dividend payment.

43. SUBSEQUENT EVENTS

(i) In September 2020, the Company made a bonus issue of shares of Rs.1,005,075,890 to its shareholders.