

The image shows the front cover of a report. It features a vibrant red background with a subtle, grainy texture. In the center, a white, three-dimensional-looking frame holds the title. Five hands of different skin tones are positioned around the frame, with their fingers resting on its edges, symbolizing global unity and shared responsibility. The title 'medine' is written in a clean, white, lowercase sans-serif font. Below it, the subtitle 'INTEGRATED REPORT 2020' is printed in a smaller, white, uppercase sans-serif font.

medine

INTEGRATED REPORT 2020

Dear Stakeholders

The Board of Directors of Medine Limited is pleased to present its Integrated Report for the year ended 30 June 2020.

This report was approved by the Board of Directors on 30 October 2020.

A stylized, handwritten signature in black ink, consisting of a single, fluid, elongated stroke that loops back at the end.

René Leclézio

Chairman

A complex, handwritten signature in black ink, featuring multiple overlapping loops and a prominent, sharp upward stroke at the beginning.

Patricia Goder

Company Secretary

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REPORTING SCOPE AND BOUNDARY

This report explains how Medine Limited ('Medine') creates sustainable value for its stakeholders. It provides material information about Medine's strategy, business model, operating context, operational performance, risk management, stakeholder engagement and governance structure for the financial year ended 30 June 2020. It also includes information about material initiatives in the first quarter of FY 2021, including a section on our response to the COVID-19 pandemic.

REPORTING FRAMEWORKS

This report has been prepared in accordance with the guiding principles of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework. All financial reporting complies with International Financial Reporting Standards (IFRS) and the standards set out in the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

MATERIALITY

Medine aligns with the IFRS' definition of materiality as information whose omission or misstatement could influence the reader's decision-making.

Medine's management and directors consider issues to be material when they:

- Substantively affect the group's strategy, revenue and profitability, risk and ability to create value over time. We have excluded information that could lead to a loss of competitive advantage.
- Are important to our main stakeholders, as described on page 58.

A list of our main material issues is available on page 12.

INDEPENDENT ASSURANCE

Medine's external auditor, Ernst & Young, has provided assurance on Medine's audited annual financial statements and reviewed the accuracy of the financial information that appears in this report. The external auditor's report is available on page 105.

Medine's management and directors have reviewed the non-financial performance, strategy and risk information in this report and are confident that they provide a fair and balanced view of material issues.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that by their nature involve uncertainty and risk. These forecasts are based on information currently available to management and reflect current assumptions and beliefs. Readers are advised that actual results could differ materially from those outlined in this report.

FEEDBACK

Medine is committed to improving the quality of its reporting and welcomes feedback from our stakeholders. Please send your comments to investor.relations@medine.com.

2019

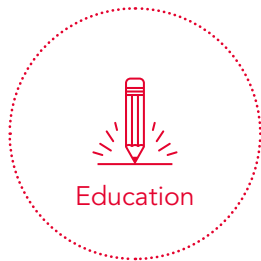
CLUSTERS



Agriculture



Property



Education



Leisure

2020

BUSINESS UNITS



Agriculture



Property



Education



Casela
Nature Parks



Sports &
Hospitality



Concorde

CORPORATE INFORMATION

Registered office

4 Unicity Office Park
Rivière Noire Road
Bambous 90203
Mauritius
Tel: +230 4016101
Fax: +230 4529600
E-mail: corporate@medine.com

Registrar and transfer agent

MCB Registry and Securities Limited

Bankers

The Mauritius Commercial Bank Ltd
Barclays Bank Mauritius Limited
State Bank of Mauritius Ltd
AfrAsia Bank Limited
ABC Banking Corporation Ltd
MauBank Ltd

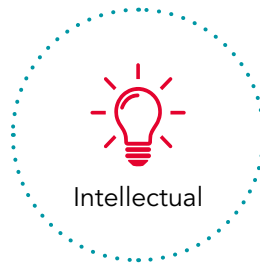
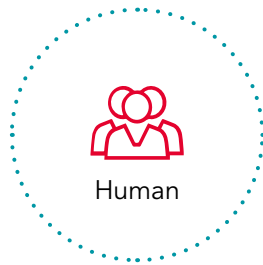
External auditor

Ernst & Young

Noteholders' representative

MUA Life Ltd

CAPITALS



STRATEGIC PRIORITIES



MAIN RISKS



Pandemics and
infectious diseases



Liquidity and
gearing risks



Macroeconomic
risks



Concentration
risks



Business
risks



Internal business
process risk



Legal and
regulatory risks



Health and
safety risks



Natural
resource risks



Staff engagement
and performance risks



ABOUT OUR COMPANY





Six business units



Agriculture



Property



Education



Casela



Sports & Hospitality



Concorde



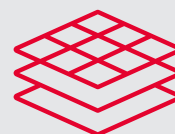
NUMBER OF EMPLOYEES

919



SHAREHOLDERS

3,227



LAND BANK

10,000 ha



CSR FUNDS DISBURSED THROUGH FMH

Rs 7.1m

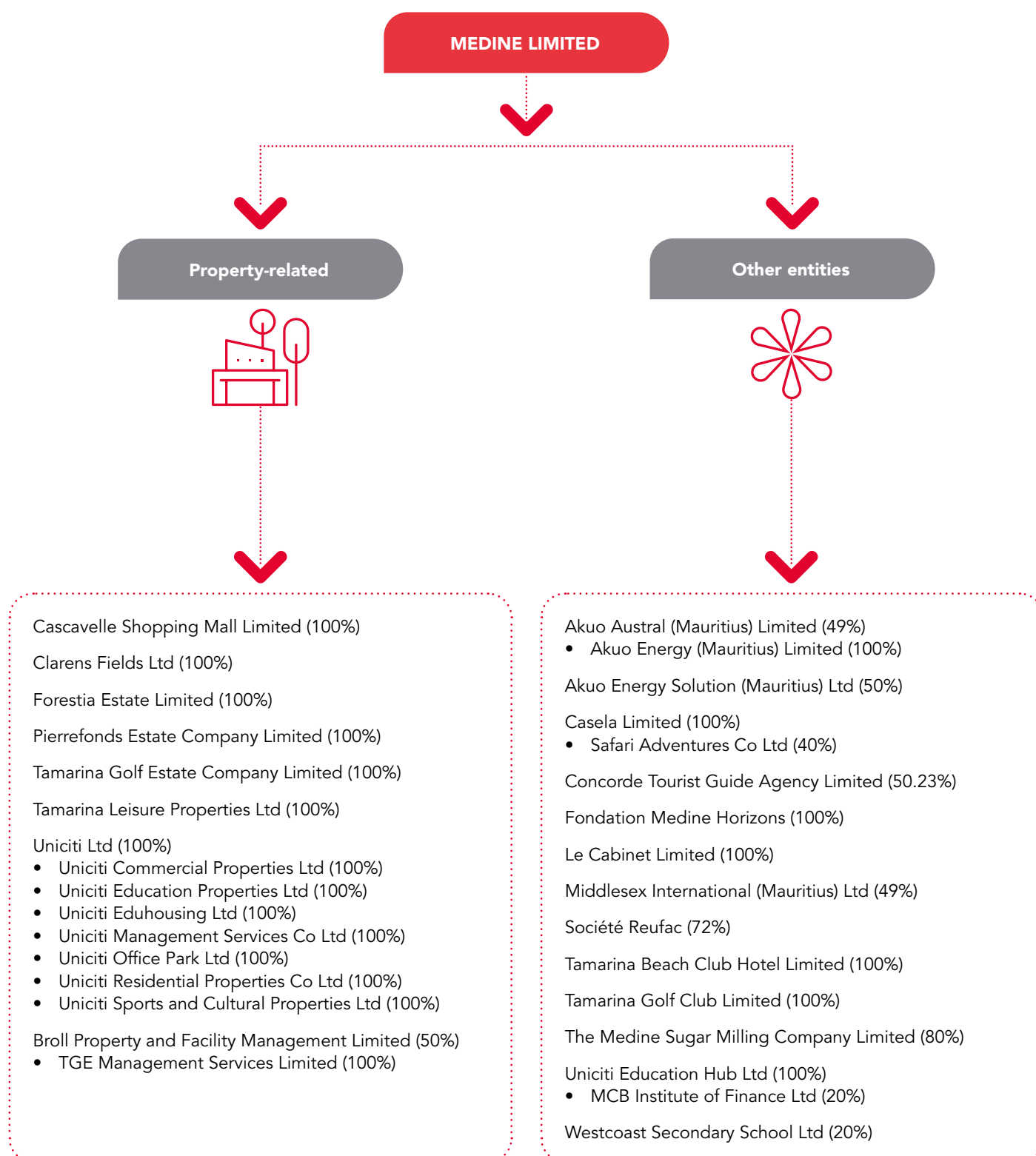


SUPPORT PROVIDED TO
200 NGOs
AND SOCIAL PROJECTS VIA
FONDATION MEDINE HORIZONS

ORGANISATIONAL STRUCTURE

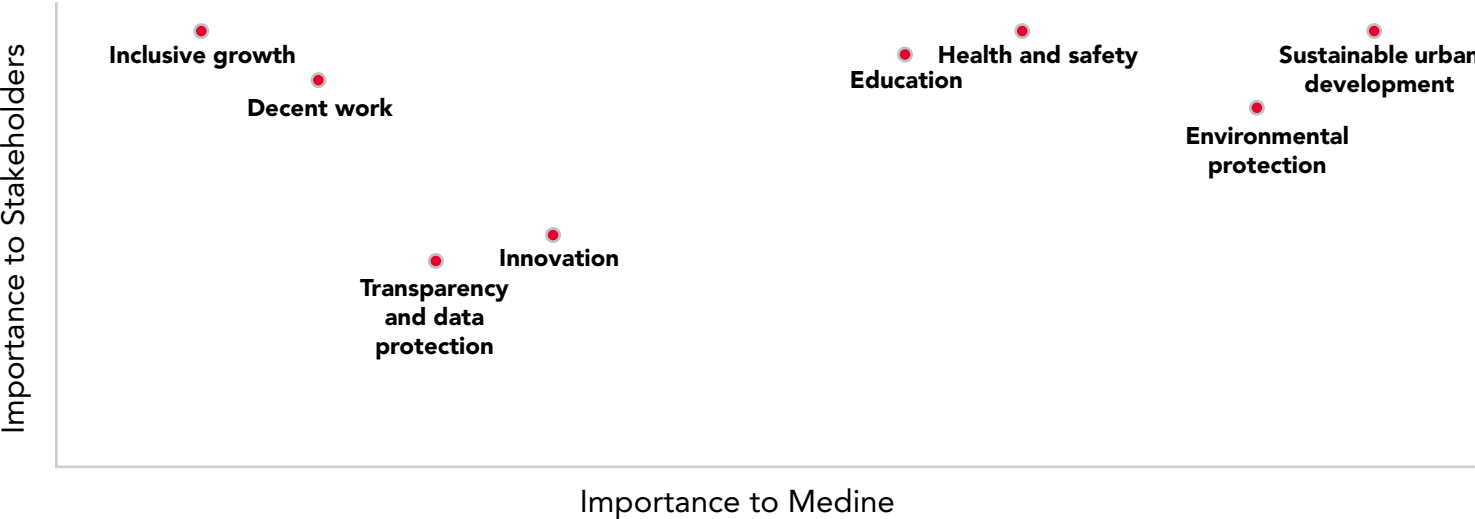


* With effect from December 1st, 2020



MATERIAL ISSUES

Medine’s material issues were identified based on a qualitative assessment of their strategic importance to our business, as well as their relevance to our stakeholders (as described on page 58).



INCLUSIVE GROWTH

Improving social inclusion is both an ethical imperative and a business concern. It contributes to economic growth and higher living standards, and drives down unemployment and the cost of public services. As the largest land developers in western Mauritius, Medine strongly believes that its growth can only be sustainable if it benefits our community and reduces poverty.

DECENT WORK

A major part of social inclusion is access to decent, secure jobs that deliver a fair income. Medine aims to do its part by providing meaningful and competitively remunerated work while promoting an inclusive corporate culture and a diverse workforce.

HEALTH AND SAFETY

In the context of the COVID-19 pandemic in particular, the health and safety of all of our stakeholders is of paramount importance to Medine. Health and safety frameworks enhance the well-being of our employees by allowing them to operate within a safe and supportive environment. Ensuring the safety of those who live, work and otherwise make use of our lands and assets is also crucial to our reputation and the continued attractiveness of our developments.

INNOVATION

With markets, consumption patterns and ways of working all being drastically transformed, continued innovation is crucial to Medine’s future competitiveness. We actively encourage our teams to contribute ideas for new products and services and to enhance our delivery. We are also driving a digital transformation strategy to improve our productivity and efficiency and better respond to changing customer expectations.

EDUCATION

Education is a major growth avenue for Medine, with Africa’s growing population and expanding middle class a key source market. Education is also a way for us to shape our future workforce while fostering inclusiveness and community cohesion.

ENVIRONMENTAL PROTECTION

Ecosystems around the world are coming under increasing pressure from human activity. At Medine, we recognise the need to balance our growth with the wellbeing of our environment and of future generations. We make considerable efforts to protect natural resources and the environment: for instance, only 11% of our lands are currently earmarked for development and Medine is among the businesses helping Mauritius make the transition to renewable energy.

TRANSPARENCY AND DATA PROTECTION

Medine has made concerted efforts to improve the frequency and transparency of its communication with its stakeholders, e.g. via analysts’ meetings and a new investors’ corner on our website. We also respect our customers’ right to data privacy and safeguard their personal information, both to maintain our reputation and commercial performance and to develop trust-based, enduring relationships.

SUSTAINABLE URBAN DEVELOPMENT

Medine is committed to developing sustainable cities and resilient local economies. We do this by investing in appropriate infrastructure, transportation, and safe and affordable housing; fostering career and business opportunities; and creating green public spaces and leisure and cultural activities. We are also committed to participatory and inclusive urban planning and management.



LEADERSHIP AND GOVERNANCE







RENÉ LECLÉZIO
Chairman

Dear Shareholder,

I could say that this has been our annus horribilis, and I would be correct, but I am afraid that there have been far too many anni horribiles. In 2014 I stated that we would pay Rs 1bn of dividends over a five-year period, and we delivered on that promise.

In 2019 I promised that we would pay Rs 1.2bn of dividends, also over a five-year period, and then COVID-19 came along, and our bankers have put paid to that, at least temporarily. The Rs 240m average yearly dividend is a reasonable payout for a net asset value (NAV) of over Rs 15bn, but the operations continue to let us down.

In March 2019 we embarked upon a strategic plan elaborated by a group of French consultants. While not all the directors fully supported the plan, we nonetheless assumed collective responsibility by endorsing it, thereby offering management the opportunity to prove themselves. The model was that of a typical '70s conglomerate, quite popular with Mauritian family groups, whereby we become jacks of all trades, and masters of none. It ended up being good for freewheeling executives, bad for shareholders.

Even before COVID-19 came along, locking our economy down and keeping visitors from our shores, we were in trouble. At 30th June 2014 we had Rs 2bn of revenue reserves at company level, compared to Rs 4.4bn at 30th June 2020. But, during that period we paid Rs 1.2bn of dividends, made Rs 4.3bn of profit on sale of land to group companies (Casela and Unicity) and made Rs 1.9bn of profit on sale of land to third parties. The Rs 2.6bn shortfall are the losses that we incurred from operations, most of which came from agriculture and interest payments. The sad result is Rs 32m of accumulated losses at group level at 30th June 2020. The company's assets belong to the shareholders, and all profits realised on the sale of those assets should accrue to shareholders, whether by way of dividends, share buy-backs or investment in projects. Instead, these profits have mainly been used to fill holes dug by operations. Clearly neither acceptable, nor sustainable.

Since the departure of the Chief Executive Officer in March, the company is run by an Executive Committee, made up of the Vice Chairman, Jacques Li Wan Po, the Chief Operating Officer (COO), Dhiren Ponnusamy, and me. We have greatly simplified the structure, and we are concentrating on six business units namely, Agriculture, Property, Sports & Hospitality, Education, Casela and Concorde. We are meeting on a regular basis, and each unit is getting its weighted share of attention.

Dhiren gives an explicit view of operations in his report, so I will not get into more detail here. So, to quote Joe Biden, here's the deal. I cannot keep on making excuses every time we skip a beat, and we skipped many this year, granted, COVID-19 aided. We are currently undertaking a full restructuring of the group, and we are trying to change the mindset, after 109 years of bad habits. At a recent meeting with senior management I was asked what I thought was an acceptable debt level for the group. The answer was easy: whatever can be serviced from operations without having recourse to asset sales. Debt in Special Purpose Vehicles (SPVs) currently stands at Rs 1.8bn, and balance sheet debt is at Rs 5.5bn. You will notice that the balance is different to last year's, because I have moved some debts out of the SPV category which can no longer be serviced at current revenue levels. Dhiren and his team have set targets for debt reduction and a return to profitability, with

morcellement projects being at the core of our programme for debt reduction. Sales have gone well in Albion, and at the time of writing we had over 80% reservations on the Magenta Parkside project in Flic-en-Flac. It appears that, because of low interest rates and a devaluating rupee, land has become a favoured investment for Mauritians. This bodes well for us.

Thierry Sauzier, Chief Executive Officer for two and half years, and director for almost 10 years, left us in March. I would like to thank him for his contribution and wish him well in his future endeavours. I would like to thank the COO, Dhiren Ponnusamy, and his team, for the dedication that they have shown during these trying times.

I truly believe that they are doing what it takes. I would also like to thank my fellow directors, most of whom, to borrow an old trading expression, have skin in the game, for their continued support. They have demonstrated a lot of patience over the years, and I would hate to let them down.

Yours sincerely,



RENÉ LECLÉZIO
Chairman

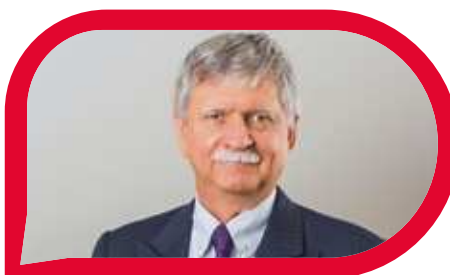
09 November 2020

“The company's assets belong to the shareholders, and all profits realised on the sale of those assets should accrue to shareholders, whether by way of dividends, share buy-backs or investment in projects”

1.

RENÉ LECLÉZIO

Non-Executive Director and Chairman



2.

**JACQUES TIN MIOW LI WAN PO,
G.O.S.K.**

Non-Executive Director and Vice Chairman



3.

**NG YUNG MARIE THÉRÈSE
DOGER DE SPÉVILLE**

Non-Executive Director



4.

**THOMAS
DOGER DE SPÉVILLE**

Non-Executive Director



5.

GILBERT GNANY

Non-Executive Director



6.

LAJPATI GUJADHUR

Non-Executive Director



7.
RAMAPATEE GUJADHUR
Non-Executive Director



8.
MARC LAGESSE
Independent Non-Executive Director



9.
JOCELYNE MARTIN
Non-Executive Director



10.
SHAKIL MOOLLAN
Independent Non-Executive Director



11.
**MARC DE RAVEL
DE L'ARGENTIÈRE**
Non-Executive Director



1. RENÉ LECLÉZIO

(Born in 1956)

Non-Executive Director and Chairman

APPOINTED AS:

- Director on 25 June 2001
- Vice Chairman from 27 September 2002 to 30 June 2011
- Chairman on 1 July 2011
- Member of the Corporate Governance Committee on 11 April 2005

QUALIFICATIONS

- BSc (Chem Eng), Imperial College, London
- MBA (London Business School)

PROFESSIONAL JOURNEY

- Chemical engineer in the oil and gas industry, London
- Assistant Manager of Project Finance at Lloyds Merchant Bank, London

SKILLS

- Investment management
- Property development
- Experience across several economic sectors
- Detailed knowledge of the Medine group
- Finance and Strategy

CURRENT EXTERNAL COMMITMENTS

- Managing Director of Promotion and Development Ltd
- Director of several public and private companies

CURRENT EXTERNAL APPOINTMENTS IN QUOTED COMPANIES

- Caudan Development Ltd
- Excelsior United Development Companies Limited
- Forges Tardieu Ltd
- Mauritius Freeport Development Company Ltd
- Promotion and Development Ltd
- Swan General Ltd
- Swan Life Ltd
- Tropical Paradise Co Ltd

2. JACQUES TIN MIOW LI WAN PO, G.O.S.K.

(Born in 1944)

Non-Executive Director and Vice Chairman

APPOINTED AS:

- Director on 28 July 2004
- Vice Chairman on 1 July 2011
- Member and Chairman of the Audit & Risk Committee on 11 April 2005

QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants (FCCA)

PROFESSIONAL JOURNEY

- Executive Chairman in the food processing sector of Food Canners Ltd, as well as in the alcoholic drinks sector of New Goodwill Co Ltd / International Distillers (Mauritius) Ltd
- Founder of Sungold Trading Ltd in 1989
- Operator of the Pizza Hut franchise
- Former member of the Bank of Mauritius' Monetary Policy Committee
- Board Member of the Bank of Mauritius from 2006 to 2014

SKILLS

- Extensive knowledge in the food and alcohol manufacturing industries, in marketing consumer products and in business project development
- Strong financial skills and strategic understanding
- Experience in setting up corporate structures
- Well versed in operational control
- Good knowledge of banking and other financial institutions

CURRENT EXTERNAL COMMITMENTS

- Executive Chairman of Food Canners Ltd and its associated companies, as well as of the New Goodwill Investment group, which includes International Distillers (Mauritius) Ltd
- Board member of Bank of China (Mauritius) Ltd
- Director of several other companies and institutions

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- None

3. NG YUNG MARIE THÉRÈSE DOGER DE SPÉVILLE

(Born in 1954)

Non-Executive Director

APPOINTED AS:

- Director on 25 June 2019

QUALIFICATIONS

- Notary public

PROFESSIONAL JOURNEY

- Practised as notary public from 1995 to 2009

SKILLS

- Social leadership
- International law and human rights

CURRENT EXTERNAL COMMITMENTS

- None

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- None

4. THOMAS DOGER DE SPÉVILLE

(Born in 1989)

Non-Executive Director

APPOINTED AS:

- Director on 30 June 2015
- Member of the Corporate Governance Committee on 23 September 2019

QUALIFICATIONS

- MBA, Institut Supérieur de Commerce de Paris, France

PROFESSIONAL JOURNEY

- Founder and Managing Director of two companies specialised in online promotion on the French market
- General Manager of Monoprix Bagatelle (CMPL Ltd) from December 2014 to June 2016

SKILLS

- Marketing and commercial skills
- Strategy development and execution

CURRENT EXTERNAL COMMITMENTS

- Managing Director of Saffra Ltd, an investment holding company based in Mauritius
- Director of several companies

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- Excelsior United Development Companies Limited

5. GILBERT GNANY

(Born in 1962)

Non-Executive Director

APPOINTED AS:

- Director on 14 November 2018

QUALIFICATIONS

- Licence ès Sciences Économiques (Économie Mathématique) – University of Toulouse 1
- Maîtrise en Économétrie – University of Toulouse 1
- DESS en Méthodes Scientifiques de Gestion et Calcul Économique Approfondi – University of Paris X

PROFESSIONAL JOURNEY

- Former Senior Advisor on the World Bank group's Executive Board, where he was responsible for issues relating mainly to the International Finance Corporation and the private and financial sectors
- Former Economic Advisor to the Minister of Finance in Mauritius
- Former Chief Economist and group Head of Strategy, Research & Development at MCB group
- Was involved in various high-profile boards/committees, notably including the Stock Exchange of Mauritius, the Statistics Advisory Council and the Statistics Board
- Was a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a Director of the Board of Investment, a member of the Financial Services Institute and a member of the IMF Advisory group for sub-Saharan Africa (AGSA)

SKILLS

- Wide-ranging experience across several sectors, including banking and financial services, property development, agriculture
- Regional and international experience
- Proficiency in areas including economics/econometrics, statistics, finance and strategy formulation
- Well versed in corporate governance
- Broad experience as a Non-Executive Director
- Good knowledge of the Medine group

CURRENT EXTERNAL COMMITMENTS

- Chief Strategy Officer and Executive Director of MCB group Ltd
- Chairperson/Board member of several companies within the MCB group
- Chairperson of the Statistics Board of Mauritius
- Chairperson of the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue
- Member of the Financial Services Consultative Council
- Member of the Management Committee of the COVID-19 Solidarity Fund
- Chairperson of the COVID-19 Committee on Economic Recovery

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- MCB group Ltd
- Promotion and Development Ltd
- Caudan Development Ltd
- COVIFRA

6. LAJPATI GUJADHUR

(Born in 1943)

Non-Executive Director

APPOINTED AS:

- Director on 26 October 1988

QUALIFICATIONS

- Attorney-at-Law with a particular interest in property and company law as well as civil litigation

PROFESSIONAL JOURNEY

- Attorney-at-Law since April 1969
- Attorney of the Supreme Court of Mauritius since 21 May 1969
- Director of Rogers & Co. Ltd from 1990 to 2000

SKILLS

- 50 years' experience in legal matters, particularly civil law

CURRENT EXTERNAL COMMITMENTS

- None

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- Excelsior United Development Companies Limited

7. RAMAPATEE GUJADHUR

(Born in 1945)

Non-Executive Director

APPOINTED AS:

- Director on 21 January 2004

QUALIFICATIONS

- Associate member of the Institute of Bankers in England and Wales (ACIB)

PROFESSIONAL JOURNEY

- Former Senior Manager at The Mauritius Commercial Bank Ltd
- Former Director of Air Mauritius Ltd from 2001 to 2014

SKILLS

- Well versed in corporate governance matters
- Valuable experience across several sectors
- Detailed knowledge of the Medine group
- Strong financial skills and strategic understanding

CURRENT EXTERNAL COMMITMENTS

- Director of Mahanagar Telephone (Mauritius) Ltd, a fully-owned subsidiary of MTNL India
- Director of several other companies

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- None

8. MARC LAGESSE

(Born in 1963)

Independent Non-Executive Director

APPOINTED AS:

- Director on 27 September 2017
- Member of the Corporate Governance Committee on 27 September 2017
- Chairman of the Corporate Governance Committee on 9 February 2018

QUALIFICATIONS

- BSc in Statistics, Computing, Operational Research and Economics, University College London
- MBA with a specialisation in Finance and Macroeconomics, London Business School

PROFESSIONAL JOURNEY

- Proprietary trader in derivatives in the UK
- Former General Manager and Director of Mauritius Fund Management Co Ltd
- Former CEO of MCB Investment Management Co Ltd
- Former group Head of Capital Markets at MCB Ltd
- Former Chief Executive Officer of Hertshten group Ltd

SKILLS

- Member of the initial National Corporate Governance Committee, involved in the writing of the Code for Mauritius
- Considerable experience in the identification and development of new business opportunities
- Valuable executive-level experience across several sectors and regions, including India, China, Africa
- Broad experience as a Non-Executive Director and interests across various sectors
- Strong capital markets knowledge and experience

CURRENT EXTERNAL COMMITMENTS

- Member of the Investment Committee of the S.I.P.F.
- Vice-Chair of the Investment Committee of UK-based, international donor-funded PIDG Ltd
- Chair of the Board of Governors of Clavis International Primary School

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- Independent Non-Executive Director and Chair of the Corporate Governance Committee at United Investments Ltd
- Excelsior United Development Companies Limited

9. JOCELYNE MARTIN

(Born in 1960)

Non-Executive Director

APPOINTED AS:

- Director on 18 June 2014
- Member of the Audit & Risk Committee on 30 June 2015
- Member of the Corporate Governance Committee on 13 November 2015

QUALIFICATIONS

- BSc (Hons) in Statistics at the London School of Economics
- Member of the Institute of Chartered Accountants of England and Wales

PROFESSIONAL JOURNEY

- Trained at Deloitte Haskins & Sells, London (now part of PwC)
- Senior Manager at De Chazal Du Mée
- Group Financial Controller at Promotion and Development Ltd from 1995 and thereafter appointed to the Board of Directors of Promotion and Development Ltd and Caudan Development Ltd in December 2004

SKILLS

- Strong financial skills
- Extensive executive experience of financial reporting and corporate finance
- Portfolio development and commercial skills
- Strategic understanding of organisational and human resources issues
- Valuable experience across several sectors of the economy

CURRENT EXTERNAL COMMITMENTS

- Finance Director of Promotion and Development Ltd, its group and Subsidiaries

CURRENT EXTERNAL APPOINTMENTS IN QUOTED COMPANIES

- Caudan Development Ltd
- Excelsior United Development Companies Limited
- Mauritius Freeport Development Company Ltd
- Promotion and Development Ltd

10. SHAKIL MOOLLAN

(Born in 1972)

Independent Non-Executive Director

APPOINTED AS:

- Director on 30 September 2015
- Member of the Audit & Risk Committee on 27 September 2017

QUALIFICATIONS

- BA (Hons) Finance and Accounting, University of East London
- Member of the Chartered Institute of Management (UK)

PROFESSIONAL JOURNEY

- 20-year experience as a Partner in accounting and audit firms
- Founder of Moollan & Moollan (Chartered Certified Accountants)
- Founder of several business units that make up the Moollan & Moollan group, providing turnkey financial administration solutions to businesses

SKILLS

- Hands-on expertise in corporate turnaround
- Well versed in corporate finance
- Strong marketing portfolio development
- Valuable experience across several sectors

CURRENT EXTERNAL COMMITMENTS

- Founder & group Managing Partner of Moollan & Moollan (Chartered Certified Accountants)
- Co-owner and Director of PCL Management Services (Mauritius) Ltd
- Director of various global companies

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- None

11. MARC DE RAVEL DE L'ARGENTIÈRE

(Born in 1963)
Non-Executive Director

APPOINTED AS:

- Director on 1 July 2008
- Member of the Audit & Risk Committee on 30 June 2011

QUALIFICATIONS

- Certificate in Accounting, Marketing, Negotiation, Organisational Behaviour, Project Management, Edinburgh Business School

PROFESSIONAL JOURNEY

- Manager and promoter of several business entities
- Manager at Grays Ltd from 1988 to 2007, responsible for managing world-renowned brands and for importing, marketing and distribution in Mauritius and Madagascar
- Audit team member at De Chazal Du Mée Chartered Accountants from 1987 to 1988
- Worked at De Ravel & Co Chartered Accountants South Africa from 1985 to 1987

SKILLS

- Strong commercial skills
- Valuable experience across several sectors
- Strong financial skills and strategic understanding

CURRENT EXTERNAL COMMITMENTS

- Manager and promoter of several business entities involved in property development and agriculture
- Managing Director of Mont Calme Ltd since 2007, involved in property development

CURRENT EXTERNAL APPOINTMENTS IN LISTED COMPANIES

- Excelsior United Development Companies Limited

THIERRY SAUZIER

(Born in 1968)
Executive Director and
Chief Executive Officer

APPOINTED AS:

- Director from 10 December 2010 to 30 March 2020
- Deputy Chief Executive Officer from 14 February 2011 to 30 September 2017
- Chief Executive Officer from 1 October 2017 to 30 March 2020
- Member of the Corporate Governance Committee from 9 February 2018 to 30 March 2020



PATRICIA GODER, ACG

(Born in 1968)
Group Company Secretary

- Chartered Secretary from ICSA – The Chartered Governance Institute in UK. Completed an Executive Management Programme with Essec Business School, Paris. Worked for accounting and company secretarial firms before joining Medine as Deputy Secretary in 2000. Has served as group Company Secretary since November 2006.



medine



1. Dhiren Ponnusamy

Chief Operating Officer

Born in 1979.

Holder of a BSc (Hons) in Economics from the London School of Economics & Political Science and a Chartered Financial Analyst Charterholder.

Has over 15 years of international experience in global finance and banking, spanning over 3 continents. Former Managing Director at Standard Chartered group Plc in London in a career that included a number of senior CFO and regional CFO positions in South Korea, Singapore, Africa, Philippines and the UK. Relocated to Mauritius to join the Medine group in January 2018 and is currently its Chief Operating Officer.

2. Marc Desmarais

Managing Director |
Shared Services

Born in 1965.

Holder of a Master of Science in Human Resources from University College Dublin.

Worked at HSBC, both in Mauritius and internationally, as well as at the MCB. Has more than 15 years' experience at senior management level. Joined Medine as group Head of Human Resources since February 2010 and headed the Education business unit from 2015 to May 2020. Managing Director of Shared Services since June 2020.

3. Javesh Boodnah

Chief Financial Officer &
Head of Technology

Born in 1980.

Holder of an MBA from the University of Chicago Booth School of Business, a PhD in Electronic Engineering from Queen Mary University of London, a BEng (Hons) in Electronic and Communication Engineering from the University of Liverpool and is a qualified Chartered Accountant (England and Wales).

Held senior roles with Prudential plc, Deloitte and KPMG in London across finance, enterprise risk and capital management, global business transformation and corporate finance advisory. Joined Medine as Chief Financial Officer & Head of Technology in April 2019.



4. Didier Charoux
Managing Director | Agriculture

Born in 1961.

Holder of a Master of Business Administration (MBA) from Edinburgh Business School, Heriot-Watt University. He is a Fellow Member of The Association of Accounting Technicians. He completed an Executive Management Programme with Essec Business School, Paris.

Started his career and professional accountant training in 1981 at De Chazal du Mée Chartered Accountants and joined the Medine/Weal group in 1984. Was appointed as Financial Controller of the Agriculture Business unit and Business Development Manager in 2009 and 2011 respectively. Acted as General Manager at Broll Property & Facility Management Ltd from November 2016 to August 2017 and Interim General Manager at Compagnie Mauricienne de Commerce Ltee from February to July 2018. Acting Head of Agriculture from November 2018 then appointed Head of Agriculture in February 2019. Is currently the Managing Director of the Agriculture business unit.



5. Bruno Lebreux
Executive Director | Concorde

Born in 1959.

Holder of IATA Advanced Diploma in Strategy & Marketing for Travel and Tourism and Diploma of General Management Program with Essec Business School, Paris.

Has been working as the General Manager of Concorde since 2004 and is as well a Director on the Board of Thomas Cook Reunion. Is an Executive Member of the National Star Rating Committee, council member of AHRIM, and Chairman of AIOM. Executive Director of Concorde since 15 December 2015.



6. Steena Kistnen
General Manager | Education

Born in 1985.

Holder of a Master's degree from ESCP Europe – Paris in Finance and Strategy, as well as from Cornell University, New York in Strategy and Consulting.

Started her career within the Accor group in strategy in 2008, although she earned considerable working experience within the Blackstone group previously. She then joined the banking sector at HSBC Paris precisely in 2012, before settling in the consulting group Deloitte as Financial Advisory for more than two years. In 2015, she left France for Mauritius to join Medine as Senior Manager Education Development. General Manager of Unicity Education Hub since January 2017.



EXECUTIVE REPORTS



INTERVIEW WITH THE COO



Dhiren Ponnusamy
Chief Operating Officer

THE COVID-19 PANDEMIC HAS CAUSED GLOBAL SOCIAL AND ECONOMIC UPHEAVAL. HOW HAS MEDINE BEEN AFFECTED?

The COVID-19 crisis has had a significant impact on Medine's operations and profitability. With the global travel and tourism industry at a standstill, our tourism-exposed operations – particularly Casela, Tamarina and Concorde – generated almost no revenue in the last quarter of the financial year.

More generally, Medine's results were affected by a slowdown in commercial activity during the Mauritian lockdown, from March to June 2020, as well as by declining consumer confidence and disposal household income. We have therefore had to revalue and impair certain assets, contributing to our headline losses.

As a result, Medine registered a Rs 547m loss for the year, of which:

- Rs 174m directly attributable to the impact of the COVID-19 crisis.
- Rs 271m representing land sales that did not materialise as planned. I am confident that land sales equivalent to at least two thirds of this value will come through in the near future.
- Rs 280m in write-downs following accounting revaluations and movements in fair value. These valuations are expected to change in the future with the recovery of the tourism sector and the wider economy.
- Rs 65m in one-off restructuring costs.
- Rs 47m in underlying business underperformance, which we are actively seeking to address.

WHAT WERE MEDINE'S IMMEDIATE PRIORITIES IN RESPONSE TO COVID-19?

Medine began to feel the effects of the pandemic in mid-February 2020. As the severity of the downturn became apparent, we set up a group-wide crisis committee and developed a set of scenarios based on possible trajectories for COVID-19. The wellbeing of our people is a top priority, and we rapidly took precautionary health and safety measures and began testing and improving our work from home capabilities. As a result, we made a fairly seamless transition to remote working when the lockdown was announced. *Please see our COVID-19 response on page 46.*

As the country went into confinement, we triggered business continuity plans for each of our operations, ran a financial stress test across Medine and implemented strict cost-containment measures. Our scenario analyses allowed us to anticipate our potential cash requirements and prudently conserve liquidity. This informed our decision to defer our bond coupon payments and to temporarily close operations such as our hotel for instance.

Medine is aware of how difficult the past few months have been for many of those in our community. Working with staff volunteers, Medine businesses and other partners, Fondation Medine Horizons spearheaded a number of activities to support those affected by the COVID-19 crisis, including the distribution of food packs and free workshops on growing food plants. *More information is available in our CSR Report on page 78.*

PART OF MEDINE'S LOSS THIS YEAR WAS DUE TO UNDERPERFORMANCE. WHAT ARE YOU DOING TO ADDRESS THIS?

The need to transform Medine predated COVID-19, but the pandemic has increased the urgency of this issue. Despite two years of business rationalisation, during which we divested from non-core or chronically loss-making activities, Medine's basic organisational structure remained very heavy and inefficient, with unnecessary overheads that dragged down our effectiveness and profitability.

Following the change in Medine's leadership in April 2020, we radically streamlined our organisational structure. We dismantled our four standalone clusters, which previously had their own management teams and support functions, to create six integrated business units. We also merged all support functions – including finance, human resources, IT, legal services and communications among others – into single, centralised teams that now serve the entire group.

Alongside this, we are entrenching a mindset of frugality, productivity and efficiency among our teams and aggressively containing our costs. These initiatives have enabled us to generate in excess of Rs 150m of annualised cost savings, the benefit of which will accrue in the current financial year. We are also promoting a more inclusive, open corporate culture, in which our people are encouraged to innovate and significantly improve our delivery.

Going forward, we will continue to review our business portfolio to focus our resources on activities in which we have a competitive advantage and take a very hard look at businesses that do not deliver sustainable returns.

We believe that this approach, supported by strategic initiatives such as digital transformation and ensuring we have the right skills and talent, will help us to capitalise on emerging opportunities and reposition Medine for long-term growth.

“Our core business is to develop land, intelligently, through each of our business units, while taking stakeholder needs into account. ”

WHAT RESULTS HAVE THESE CHANGES DELIVERED?

By integrating our teams and centralising our services, we have not only created efficiencies and annualised cost-savings in excess of Rs 150m, but also improving our teams' productivity. We are already seeing better synergies as our teams start to work more closely together as 'One Medine'.

It has also led to new initiatives across our business units, including:

- The launch of Mo Ti Bazar, a new brand in our Agriculture business unit, that aims to capture growing demand for fresh, sustainably grown fruits and vegetables.
- New leisure offers and events, such as Casela Sundowners, aimed at a Mauritian clientele.
- The opening of Pangia, the first themed children's park in Mauritius, at Casela to fill a substantial gap in the market.
- The development of kasnpoz.mu, a new e-commerce platform for leisure experiences, to diversify Concorde's offer and generate new revenue.
- The merger of our landscaping team with Casela's creative team to develop comprehensive new offers and services aimed at a broader range of clients.
- An in-depth renovation of our hotel, Tamarina, using primarily in-house talent, with a particular emphasis on repositioning the brand and on improving its F&B offer.
- A large number of pilot projects that will be announced over the coming months.

HOW HAS COVID-19 IMPACTED YOUR STRATEGY?

Fundamentally, our strategy has not changed. Medine is a land developer. Our core business is to develop land, intelligently, through each of our business units, while taking stakeholder needs into account.

However, we have defined clear near-term strategies for each of our business units, depending on how they have been affected by the pandemic:



These three businesses are heavily exposed to tourism and have therefore been the most affected by COVID-19. Our near-term strategy for these businesses is cost-containment and franchise protection.

We had hard cost choices to make, but we are aware of the need to balance cost controls with maintaining the value of franchises such as Casela and Tamarina, which have taken many years and significant resources to build up.



These two business units are showing signs of resilience. Our near term strategy is to maximise efficiency and develop selected initiatives.

We have aggressively mechanised our agricultural operations and our cane segment is now profitable.

We are also reviewing our fruits and vegetables product mix to target new market segments. Jardins de Medine is well established as a brand, but we identified a gap in the mid-tier market, hence the launch of Mo Ti Bazar. We are also exploring several new end-consumer products that align with the national focus on self-sufficiency. Alongside this, we are accelerating our development of rock quarries to respond to growing demand for construction materials, generate ancillary income and diversify our offer.

The performance of our international education business has been challenged by internal borders closures and quarantine measures. However, once border controls are relaxed, there is an opportunity to attract foreign students to a COVID-19-free environment.

Locally, our education offer has performed well. We are seeing more applications from Mauritians who would have otherwise gone overseas.



We are cautiously optimistic about our Property prospects. We are seeing a dip in the rental market and have therefore put our 'build and lease' projects on hold for now. We are also now focusing on land parcelling projects, which require more effort but involve minimal risk and consider potential rewards. We are also moving away from our previous focus on bulk land sales, which are much riskier.

Demand for land parcels is very strong. With interest rates at an all-time low, land is seen by Mauritians as an alternative investment and a natural hedge against inflation and rupee depreciation.

With land parcelling, we also tap into a much larger customer base across all levels of income. Prior to lockdown, pre-sales at our Serenis project in Albion stood at 35%. Following the lockdown, we ramped up our sales efforts and have now pre-sold 90% of the plots.

We also launched Magenta Parkside, a new land parcelling project in Flic en Flac, in October 2020. Within a few weeks, we achieved 90% or Rs 1.5bn of pre-sales reservations.

Building on this sales momentum, we are accelerating the launch of similar projects in other areas, to cater to different customer segments.

MEDINE HAS MADE SIGNIFICANT CHANGES TO ITS LEADERSHIP AND TEAMS THIS YEAR. ARE YOU CONFIDENT THAT YOU NOW HAVE THE RIGHT TEAM IN PLACE?

Though some of our senior leadership has moved on, Medine retains most of its expertise. We have competent and experienced managers at the head of our businesses units and our teams are strong. Our management committee is now the right size for our group and includes both leaders with several decades of experience with Medine and others who provide an external perspective.

We also aim to continually attract, retain and develop the right talent to sustain Medine's growth and have made some key hires which I believe will allow us to better deliver on our strategy. Among them, I am delighted to welcome Joel Bruneau, a seasoned leader with over 13 years of experience in property-related roles, as the new head of our Property team as from December 1, 2020. *Read more in our Human capital section on page 62.*

WHAT ARE THE MAIN CHALLENGES FACING YOUR BUSINESS?

The COVID-19 pandemic has seen an acceleration of existing trends such as the expansion of the digital economy and remote and flexible working, leading to reduced or different demand for office space for instance. These trends represent new opportunities that we intend to capture and risks to which we will need to adapt.

In the long term, Mauritius' ageing population and its implications for economic growth and fiscal stability are a concern. There is a critical need for a clear national plan to encourage skilled immigration and ensure our country's development remains sustainable. Medine is also acutely aware of the need to balance our growth with environmental protection and the wellbeing of our community, particularly in difficult times such as these. We are therefore committed to creating a more diverse, inclusive and equitable workplace, and contribute to social projects that reduce inequality and address the needs of the wider community.

WHAT IS THE OUTLOOK FOR MEDINE GIVEN THE CURRENT OPERATING CONTEXT?

Our operating environment remains very challenging. For some of our operations, it is clear that no matter how efficient we become, our options will remain limited until the tourism sector, in particular, recovers. Despite this, we are actively developing new offers to maximise revenue and anticipate new trends in the travel and hospitality markets.

Still, some of our business units, however, are seeing new opportunities emerge. We aim to capitalise on these new initiatives in the coming months.

Over the medium term however, our aim is very clear – by 2023, to reduce our debt to below Rs 4bn and target sustainable earnings per share (EPS) of Rs 4. 'Target 4-4', as we have coined it, is our management's commitment to the Board and shareholders, and it will ensure Medine's success in the long term. To achieve this objective, we've assertively created a leaner business that is focused on frugality, efficiency and profitability.

We are also ensuring that we have the right expertise internally to capture new and emerging opportunities, building on the unparalleled experience of our people in our core areas of activity. And we have an exceptional land bank that is ideally located in a highly desirable area of Mauritius.

Though it is difficult to predict what will happen next year, I am confident that Medine is now well-positioned to achieve sustainable growth in the future.

WHAT ELSE WOULD YOU LIKE TO COMMUNICATE TO MEDINE'S PEOPLE AND STAKEHOLDERS?

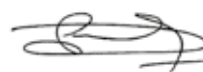
First and foremost, I would like to thank Medine's teams for their energy, engagement and passion in what has been a challenging and at times frightening year. The way that our people have risen to the challenge of working in a much leaner structure, in a world that has been upended by COVID-19, is truly inspiring.

I would also like to thank the senior management team for their support in driving Medine's transformation over the past year. I strongly believe that our group is now in a much more competitive and sustainable place than it was a year ago. I would also like to express my deep gratitude to our Board of Directors and in particular our Chairman, René Leclézio, for their support, guidance and assistance during this period of change.

My thanks also to our financial partners and our shareholders, for their patience and understanding in what has been a difficult year.

I would like to recognise Thierry Sauzier, Medine's outgoing CEO, for his contribution to the group throughout his tenure. Thierry convinced me to relocate to Mauritius and join Medine in 2018, and I am grateful for his support during the two years that we worked together.

To all of our stakeholders, I hope you and your families are safe and well.



Dhiren Ponnusamy
Chief Operating Officer

“Target 4-4 is management's commitment to the Board and shareholders to reduce our debt to below Rs 4bn and target sustainable EPS of Rs 4 by 2023.”

Javesh Boodnah
Chief Financial Officer
and Head of Technology

Dear Stakeholder,

It has been one of the most challenging years in Medine's history, requiring a complete rethink of how we work and operate. Though we have taken decisive action to safeguard our businesses and support our people, customers and community, we have unfortunately not been spared the impact of the COVID-19 crisis.

SUMMARY OF FINANCIAL PERFORMANCE

Medine delivered a lacklustre performance in FY 2020. Our operations were severely impacted by the COVID-19 pandemic over the last quarter of the financial year. A number of our businesses generated next to no income during the Mauritius lockdown, while other operations ran at minimal capacity. This eroded the group's profitability for the year despite active cost-containment efforts. Leaving aside the impact of the pandemic, some of our businesses continued to underperform on an underlying basis, in particular certain leisure-related activities.

STATEMENT OF PROFIT OR LOSS

Rs'm	FY 2020	FY 2019
Continuing operations		
Revenue	1,389	1,508
Operating loss	(250)	(87)
Impairment losses	(122)	(77)
Profit on sale of land	169	440
Other income/gains/share of profits	(3)	286
(Loss)/profit before finance costs	(206)	562
Finance costs	(319)	(305)
(Loss)/profit before taxation	(526)	256
Income tax (charge)/credit	(21)	10
(Loss)/profit for the year from continuing operations	(547)	267
Discontinued operations		
(Loss)/profit for the year from discontinued operations	(21)	2
(Loss)/profit for the year	(568)	269

STATEMENT OF OTHER COMPREHENSIVE INCOME

Rs'm	FY 2020	FY 2019
(Loss)/profit for the year	(568)	269
Other comprehensive income for the period, net of tax	(291)	95
Total comprehensive income for the year	(859)	364
(Loss)/profit attributable to:		
- Owners of the parent	(550)	264
- Non-controlling interests	(18)	5
	(568)	269
Total comprehensive income attributable to:		
- Owners of the parent	(828)	361
- Non-controlling interests	(31)	3
	(859)	364
Total comprehensive income for the year analysed as:		
- Continuing operations	(796)	343
- Discontinued operations	(63)	21
	(859)	364

Revenue from continuing operations fell 8% to Rs 1,389m. Growth in income from our Agriculture (up 4%) and Property operations (up 13%) mitigated a significant fall in revenue from our leisure operations (down 24%). Other income for the period also fell by Rs 42m, due partly to the loss of Rs 15m in management fees from Eudcos. FY 2019 also included a one-off Rs 23m profit on the disposal of equipment from our former poultry operation.

Against a backdrop of increasing uncertainty, Medine's profits on bulk land sales fell sharply (by Rs 271m) to Rs 169m. A number of deals that we expected to close in the final quarter of FY 2020 were deferred to FY 2021. The binary and ad hoc nature of these sales invariably introduces volatility into our P&L, and the adverse impacts of deferrals are significant. As a result, our strategy regarding land sales is being reviewed. Refer to the COO's report on page 30.

Given the ongoing economic disruption, we adopted a prudent approach to the valuation of our real estate portfolio and on our properties used to generate income for some of our tourism-based operations. In addition to a net fair value movement of Rs 280m compared to FY 2019, this approach resulted in a Rs 178m downward revision in fair value during the year under review.

With additional investment in our real estate portfolio resulting in our debt increasing over the year from Rs 6.6bn to Rs 7.2bn, we incurred higher finance charges, tempered by lower rates on our loan and bond liabilities. We sought and obtained deferrals on interest payments on both types of facilities following the lockdown, in keeping with our concerted efforts to preserve cash and our commitment to treating our creditors fairly and equitably.

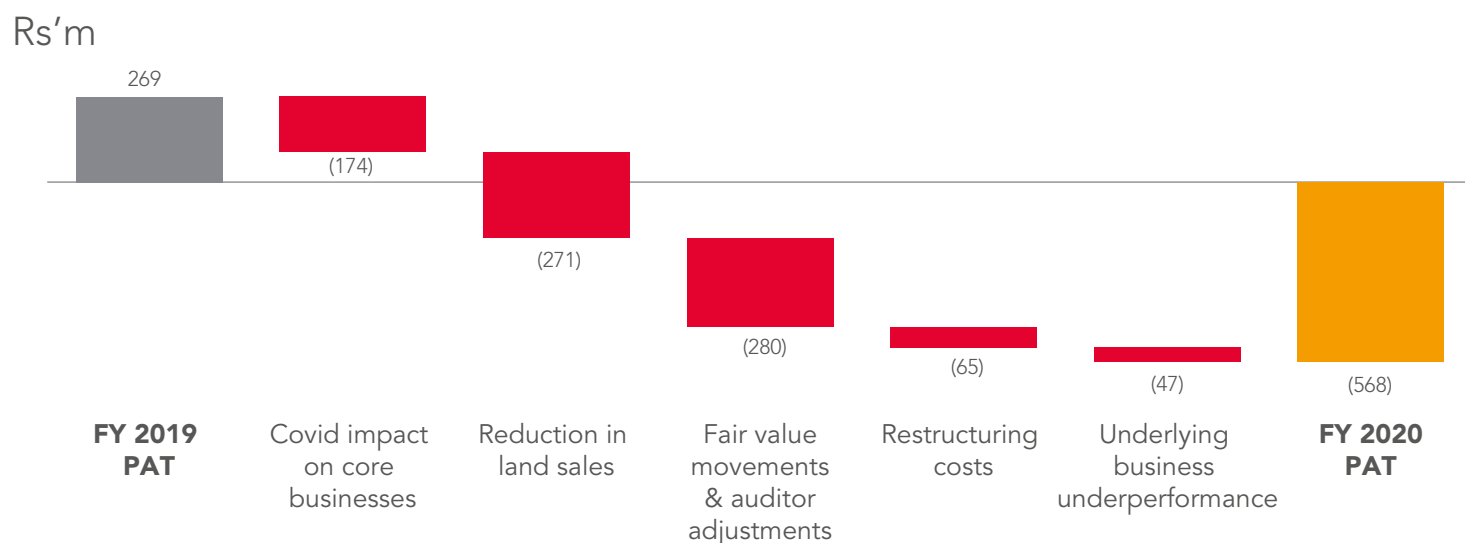
This explains our reported losses after tax of Rs 568m, representing a swing in profitability of Rs 836m in comparison to FY 2019. Other comprehensive income also declined Rs 386m to a net comprehensive loss of Rs 291m, driven by a remeasurement of retirement benefit obligations (impacted by a decrease in the net post-retirement discount rate).

Our profitability by business unit is detailed below.

SEGMENTAL PERFORMANCE

Rs'm	FY 2020	FY 2019	▲
Property	(124)	520	(644)
Agriculture	(34)	(78)	44
Leisure	(255)	(21)	(234)
Education	(31)	(27)	(4)
Others	(124)	(126)	2
Profit after tax	(568)	269	(836)

The chart below sets out the factors driving the change in Medine's profitability between FY 2019 to FY 2020:



Note: the PAT figure of Rs (568m) includes fair value losses of Rs 35m on investment properties, impairment losses of Rs 49m on Tamarina Leisure Properties, Rs 19m on Agriculture PPE and Rs 13m on Milling assets and goodwill impairment of Rs 32m in Concorde.

Of Medine's swing in profitability, Rs 725m (87% of the total movement) is directly attributable to the impact of COVID-19 on our core operations, including a reduction in land sales and fair value movements.

Alongside this, Medine strategically restructured its business lines to improve efficiency and performance, incurring Rs 65m in restructuring costs. We expect these to be paid back over a six-month period in FY 2021. These actions are also expected to generate savings in excess of Rs 150m per annum. Information about our restructuring exercise is available in the COO's report on page 30.

The final contributor to the movement in our profit after tax is Medine's underlying business underperformance, primarily in our leisure-related activities. We are taking active measures to address this.

BUSINESS PERFORMANCE



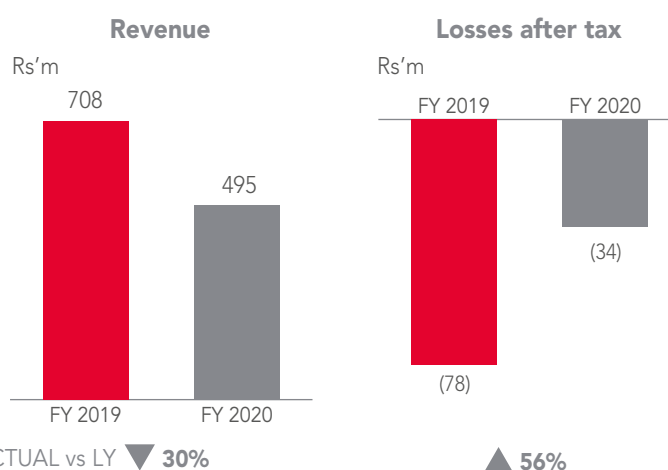
Agriculture

Main activities

- Sugarcane growing
- Food crop production
- Landscaping
- Plant nursery
- De-rocking

Despite difficult operating conditions, in particular over the final quarter of FY 2020, Agriculture posted a resilient performance. Headline revenue declined compared to FY 2019, of which Rs 250m relates to loss of revenue from discontinued operations, primarily Medine's previous milling and poultry activities. Like-for-like revenue increased Rs 19m year on year to Rs 477m, despite a reduction of Rs 71m in ancillary revenue from supporting measures.

Notwithstanding the fall in headline revenue, losses after tax improved to Rs 34m – a 56% change compared to the previous year – of which a negative movement of Rs 23m relates to discontinued operations. If only continuing operations are considered, our losses amount to Rs 13m, an 84% improvement compared to last year. These include one-off non-cash impairments of Rs 22m, which if stripped out, generate an underlying profit on continuing operations of Rs 9m. These results bear testament to the lean and frugal model adopted and implemented in the business unit, alongside stringent cost re-engineering measures.



Medine's sugar operations gained from a higher price per tonne of Rs 11,384 and increased production of 4,000 tonnes of sugar over FY 2019 for a total of 26,380. We also benefitted from a higher extraction rate in FY 2020.

Food crops suffered during the year, with poor yields due to climatic conditions. The lockdown also impacted harvests and sales. Our food crop department saw one-off impairments of Rs 13m, registering an overall loss of Rs 41m. We expect some continued disruption in this sector, given delayed replantation of new crops and ongoing depressed prices due to an abundance of supply in some key produce. However, a refreshed strategy of innovative diversification and precision farming is currently being explored and will gradually be implemented over the coming financial year.

Landscaping and nursery activities also saw poor performance during the final quarter, with next to zero activity recorded. This led to an Rs 11m loss on these activities. A strategy of diversification is currently being explored to generate additional ancillary revenue from related service offerings such as commercial cleaning.

Discontinued operations of milling and poultry registered a loss of Rs 21m, including Rs 13m in impairments and operating losses of Rs 8m.

KEY METRICS	2020	2019	
Sugar price per tonne	11,384	8,700	▲
Sugar tonnage grower's share 78%	26,380	22,374	▲
Area harvested (ha)	3,505	3,398	▲
Food crop tonnage	2,836	2,922	▼

PROFITABILITY		
Rs'm	FY 2020	FY 2019
Ongoing activities	(15)	(44)
Discontinued activities	(21)	(27)
Finance revenue/(costs)	2	(7)
Total profit/(loss)	(34)	(78)



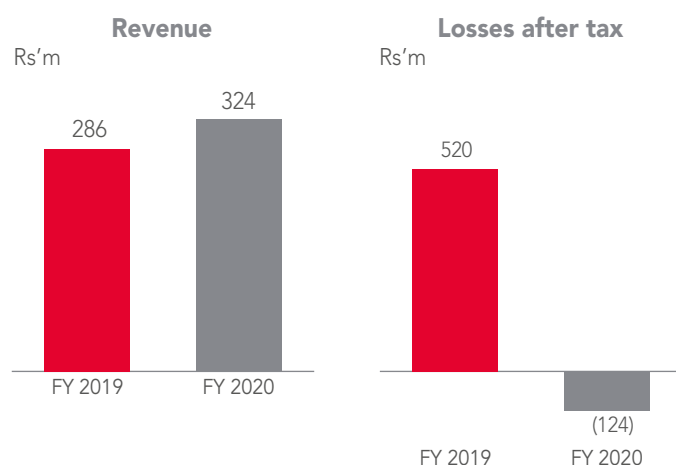
Property

Main activities

- Land sales (parcelling and bulk)
- Build and lease activities
- Build and sell activities

Revenue for our Property business unit grew 14% year on year to Rs 324m, largely due to improved occupancy across a larger real estate portfolio.

However, profitability fell sharply, with the business unit registering a loss of Rs 124m overall. This performance is reflective of the risk of the department's previous over-reliance on bulk land sales. As detailed by the COO on page 30, action has been taken to achieve operational profitability and refocus on parcelled land sales.



ACTUAL vs LY ▲ 14%

At the end of the year under review, our real estate portfolio was valued at Rs 4.2bn, on par with last year, with downward revaluations of existing assets offset by new additions such as the Westcoast school extension. EBITDA and rental yields trended up, reflecting the soundness of the portfolio.

With regard to income from our yielding assets, our shopping malls registered a Rs 9m drop in revenue to Rs 104m. This decline was contained following constructive negotiations with some tenants in relation to flexible rental proposals. The office park revenue edged up Rs 2m over the year to Rs 77m, while inflows from education properties increased to Rs 80m thanks to build extensions on our existing real estate.

Bulk sales decreased by Rs 424m, to Rs 253m, over the year due to the COVID-19 pandemic. It is however important to note that retail sales (land parcelling) have shown strong resilience, with our current Serenis project in Albion practically sold out and our upcoming Magenta Parkside development in Flic en Flac showing a robust reservation pipeline shortly after its launch.

INCOME

Rs'm	FY 2020	FY 2019
Shopping malls	104	113
Offices	77	75
Education properties	80	56
Remaining portfolio	125	110
Build & Lease portfolio	385	354
Net revenue excluding intragroup	324	286
Land sales	253	677
of which profits from land sales	169	440



Education

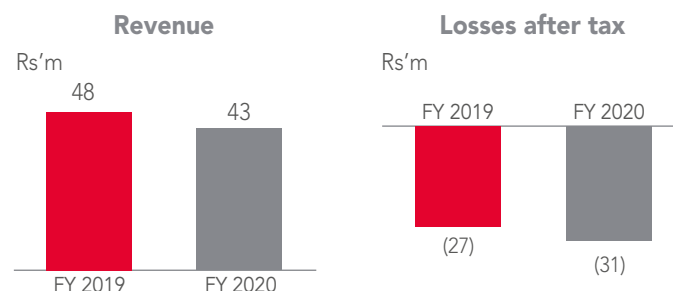
Main activities

Uniciti Education Hub including:

- MCB Institute of Finance
- Middlesex University (joint venture)
- Vatel
- SUPINFO
- Paris-Assas, Ecole Nationale Supérieure d'Architecture de Nantes, Ecole Centrale de Nantes
- Westcoast primary and secondary schools
- L'Île aux Enfants nursery school
- L'Odysée du Savoir

Medine's education offer runs from pre-primary through to executive education.

Our Education activities registered a loss of Rs 31m, with a 9% drop in revenue to Rs 43m and a 14% decline in profitability. This mostly related to the impact of the COVID-19 lockdown on the delivery of teaching sessions. A number of lectures were delayed until later in the calendar year, falling therefore outside of the current financial year. Alongside this, a number of executive education sessions were not held, further impacting revenue compared to the prior year. One-off restructuring costs also worsened our losses for FY 2020.



ACTUAL vs LY ▼ 9%

▼ 14%

Our student population continues to grow across all segments, with the percentage of foreign students in higher education staying constant in FY 2020. Primary and secondary offerings remain oversubscribed, indicating a healthy level of demand for these facilities.

KEY METRICS	2020	2019	▲
Student population	2,547	2,270	▲
- of which			
Higher Education	1,761	1,624	▲
Foreign students	38%	38%	◀▶
Schools/partner institutions	10	11	▼

Our partnership with Middlesex University continues to generate strong results, with the university now a landmark brand in Mauritius for UK-sourced education. Medine's share of profit from the operation amounted to Rs 8m for the year, compared to Rs 5m in the year prior – this excludes rental income derived from our property-related activities.

A decision to downsize our executive education segment saw losses reduced by Rs 4m to Rs 7m in FY 2020, with the business adopting a leaner model and reviewing training and team building events that had previously generated poor returns.

Our other higher education segments suffered from COVID-19-related closures and the knock-on impacts of delays to educational provision and restructuring.

Rs'm	PROFITABILITY	
	FY 2020	FY 2019
Middlesex University	17	10
- of which Medine's share of profit	8	5
Executive Education	(7)	(11)
Other Higher Education	(32)	(21)



Leisure

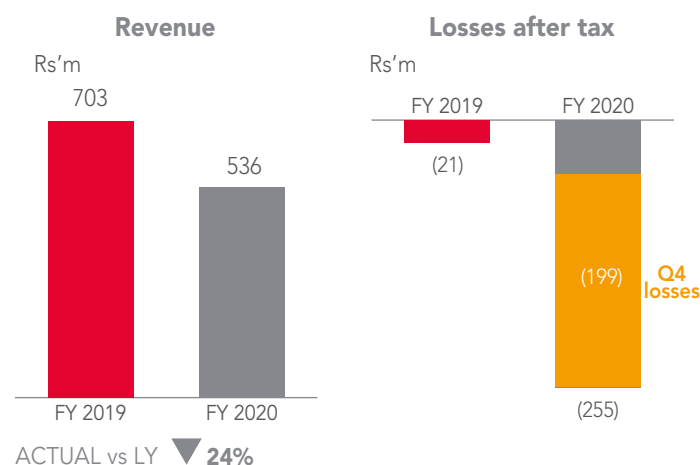
Main activities

- Casela Nature Parks
- SPARC
- Tamarina hotel and golf
- Concorde
- Yemen

The impact of the pandemic on our leisure-related businesses has been acute, with all but no revenue being generated in lockdown period and these activities' reliance on tourism income preventing any meaningful recovery since.

Revenue dropped by 24% to Rs 536m in the year under review, almost wholly attributable to the lack of inflows during the last quarter.

Across all activities, the business registered a loss of Rs 255m in FY 2020, down from Rs 21m in FY 2019. While there was an element of underperformance in the months leading up to the pandemic-related closure, Q4 losses alone amounted to Rs 199m, decimating the performance of all our leisure businesses.



Visitor metrics all trended downwards compared to FY 2019, with Casela visitors down substantially year on year. Likewise, the number of passengers served by our destination management company Concorde, our hotel occupancy rates and the number of golf rounds played at Tamarina all declined substantially. Although average revenue for rooms and green fees increased, the significant fall in volume meant that these improvements could not be capitalised on, leading to the severe underperformance of our leisure activities under COVID-19 operating conditions.

Profitability swung substantially due to heavy losses across the sector, save for the relatively sheltered hunting and deer farming segment. Concorde and Tamarina recorded a combined Rs 91m loss compared to a Rs 3m profit in the prior year, with business activity levels being practically nil during and after the lockdown.

While it was to be expected that our travel and hotel operations would be impacted by the pandemic, Casela as a park is also heavily reliant on tourism. Although Casela has a roughly equal proportion of local versus overseas visitors, approximately 80% of Casela's income is generated from foreign visitors, who have a much higher spend per head. As a result, Casela's profitability was eroded from a Rs 19m profit in FY 2019 to a heavy Rs 118m loss in FY 2020. The park remained closed throughout the lockdown. Given unavoidable fixed costs due to the nature of its activities, the park's performance suffered significantly.

Rs'm	PROFITABILITY	
	FY 2020	FY 2019
Casela	(118)	19
Concorde	(55)	3
Tamarina	(36)	0
Yemen	7	2
SPARC and Catering	(53)	(45)
Total profit/(loss)	(255)	(21)

POST YEAR-END AND OUTLOOK

While all of Medine's businesses were impacted by the difficult operating conditions in the final quarter of FY 2020 and after the year-end, we took swift and decisive actions to secure our liquidity position. We also reviewed our organisational structure, which had been operationally heavy and loss-making. As explained in the COO's interview on page 30, we completed Medine's restructuring in June 2020.

We also proactively engaged with our creditors, including our bankers and bond holders, to secure interest moratoriums on both our loan and bond facilities. This allowed us to bolster our short-term liquidity and preserve cash to sustain our focus on our turnaround projects. In the same vein, Rs 350m of additional facilities were secured from our main bankers, while inflows from held back (RMED) plots in completed land parcelling projects allowed us to generate short-term liquidity.

Medine's senior management is embedding a culture of cost discipline and frugality across the group, with the ultimate aim of creating sustainable value for our shareholders.

Over the coming financial year, Medine aims to return to and maintain profitability across at least three business units, namely Agriculture, Property and Education. We expect ongoing disruption to our tourism-exposed businesses well into the 2021 calendar year and do not expect meaningful recovery in FY 2021 for our hotel, golf, leisure park and travel operations. Our priority remains to strengthen our share of the local market. I am confident that our new, leaner operating structure will allow us to move swiftly and capitalise on new opportunities across all our sectors of activity, both in the west of Mauritius and nationally.

On a personal note, I would like to thank Medine's teams for their creativity, collaboration and willingness to adapt to new ways of working despite this year's very challenging circumstances. I strongly believe that our people's efforts and engagement have allowed Medine to reposition itself for growth in the future.



Javesh Boodnah

Chief Financial Officer and
Head of Technology














STRATEGY





A HIGHLY FLUID, UNCERTAIN OPERATING CONTEXT

TRENDS	OUR STRATEGIC RESPONSE	RISK	STRATEGY
<p>Economic and social disruption caused by the COVID-19 pandemic</p> <ul style="list-style-type: none"> • Lockdown measures have had a major impact on supply chains and capital flows • The travel and tourism industry is suffering severe disruption worldwide • Likelihood of a deep and long-lasting economic contraction in Mauritius and around the world, with knock-on impacts for financial risk and economic/ social stability • Mauritius set to experience a 13% decline in GDP, alongside a rise in unemployment and exchange rate fluctuations. The tourism sector is particularly impacted, with international arrivals down 53.1% in the first semester of 2020 alone • Bank lending more difficult, with increasingly protracted negotiations • Emergence or acceleration of a number of market trends, e.g. remote working, food security and local production, and digital transformation • The crisis is likely to enter a recovery stage at some point in FY 2021, with some sectors, such as agriculture and property, recovering faster than others such as tourism • The COVID-19 pandemic has also had a devastating impact on the communities we work in, making it more important than ever for Medine to support our fellow citizens 	<ul style="list-style-type: none"> • A centralised financing and debt management strategy to optimise and ultimately minimise Medine's debt levels, to ensure our working capital requirements are covered and jobs are preserved as far as possible • Portfolio diversification to minimise the risk of exposure to any one sector • Pivoting business operations to respond to emerging needs: <ul style="list-style-type: none"> - New agricultural products to take advantage of renewed focus on local food security - Local production of inputs due to impact on production lines - Prioritising land parcelling versus bulk sales in Property business unit, as land becomes increasingly attractive compared to other forms of investment - Casela and other leisure activities targeting the Mauritian market to compensate for the reduction in foreign visitors • Providing support and assistance to our communities via our CSR work. <i>Read our CSR report on page 78</i> • More information about Medine's operational, financial and CSR response to the COVID-19 crisis is available on page 46 	<div>A</div> <div>B</div> <div>C</div> <div>H</div>	     
<p>Digital innovation and disruptions to Medine's business models</p> <ul style="list-style-type: none"> • COVID-19 has accelerated digitalisation and the uptake of new technologies among businesses and consumers in Mauritius • Online service provision via e-commerce and other platforms and the increasing automation of transactional tasks are disrupting traditional business models, requiring us to adopt new technology and develop new skillsets among our people • Digital and social media are also changing consumer behaviour, creating digitally savvy and socially engaged consumers who expect frictionless customer journeys and total convenience • Both risks (need to attract top talent, upskill and retain key staff, adopt new technology to remain competitive) and opportunities (productivity and efficiency gains via automation, use of data to drive marketing and digital service delivery) 	<p>Medine is driving a digital transformation programme to remain competitive and relevant to its clients and consumers by:</p> <ul style="list-style-type: none"> • Upgrading its core technology to improve efficiency and identify synergies. <i>Read our Digital Transformation on page 56</i> • Developing innovative digital services and enhanced customer platforms to increase efficiency and engagement, e.g. iHelp, e-learning platforms and digital lecturing delivery • A human capital strategy anchored in a new set of values and that aims to create an agile and innovative corporate culture at Medine. Our aim is to attract the best talent and upskill our people to ensure they are able to identify and take advantage of emerging digital opportunities • Mainstreaming of work from home and flexible working protocols 	<div>F</div> <div>J</div>	   

TRENDS	OUR STRATEGIC RESPONSE	RISK	STRATEGY
Sustainability and climate change <ul style="list-style-type: none"> Sustainability is an increasingly urgent operational and reputational concern, particularly in Mauritius, an island nation that is exposed to climate-related risk COVID-19 crisis has demonstrated the fragility of health, social and economic systems around the world and shown how vulnerable we are to major crises 	<ul style="list-style-type: none"> Long-term strategy to mitigate the negative social and environmental impact of our operations and improve our resilience and that of the wider economy Environment as a key pillar of our CSR strategy: Medine supports and funds campaigns and programmes that raise awareness of environmental issues, takes concrete action against climate change (e.g. via Casela preservation programme, clean-up days, Our Common Home project in schools across Mauritius). <i>Read our CSR report on page 78</i> Investment in local food production, renewable energy and eco-friendly products 	<div>C</div> <div>I</div>	  
Demographic change: an ageing population <ul style="list-style-type: none"> The ageing of Mauritius' population and a decline in its total size is likely to create new opportunities in the medical and wellbeing sectors It is also likely to put downward pressure on economic growth and employment/labour force growth in the long run, ultimately decreasing demand for Medine's products and services Implications for savings rate, housing market demand, fiscal imbalances 	<ul style="list-style-type: none"> Anticipating these changes in our land and property development strategy Participating in national discussions about schemes to attract returning residents, foreign workers and investors, thereby ensuring enough demand to sustain our operations in the long term Focusing on increasing productivity within our teams to offset a long-term decline in the labour market 	<div>C</div> <div>G</div>	     
Mauritius' inclusion on EU blacklist and FATF watch-list <ul style="list-style-type: none"> Makes the jurisdiction less appealing to international investors and dealings with EU banks and customers more difficult (heightened KYC requirements, etc.) Risk of major foreign currency funds leaving the country 	<ul style="list-style-type: none"> Impact on Property BU owing to enhanced due diligence for individual buyers with higher risk profiles Refocus on Mauritian market – products aligned with local needs and price points 	<div>C</div> <div>D</div> <div>G</div>	 

* Please refer to iconography guide on pages 4 and 5 for risks and strategies

RISING TO THE CHALLENGE OF COVID-19

IMPACT OF THE CRISIS

- No income generated by our activities during Mauritian lockdown, resulting in a major cash shortfall within three months
- Limited financial headroom and obligations falling due while banks tightened credit facilities due to the global financial downturn
- Outlook for our tourism-exposed operations (Casela, Concorde, Tamarina) for FY 2021 remains very uncertain
- Heavy operational structure and unnecessary overheads weighed our performance down further
- Critical need to restructure, reduce costs, conserve cash, and renegotiate debt obligations

HOW WE RESPONDED

Restructuring to ensure Medine's ongoing stability

- Business restructuring ongoing since FY 2018
- Operational rationalisation carried out in FY 2020. *Refer to page 51*

Financial and operational changes

- Stress-testing our business units to establish worst-case scenarios and actively manage the impact of the pandemic
- Centralisation of payments overseen by a single finance function for the group, to match outgoings and incomings and improve oversight of our cash flow position
- Frugality and cost discipline: cost-cutting and minimisation of inefficiencies at every level
- Renegotiation of dues to banks and optimisation of funding positions
- Optimisation of our supplier chain including payment terms
- Reviewing and monitoring our pipeline of future activities and ensuring they are adequately funded

Supporting our stakeholders and keeping them safe

Our people

- Enhanced health and safety protocols
- Internal communications campaigns to clarify Medine's crisis management

Our clients and customers

- New sanitary and hygiene protocols in public/commercial spaces post-lockdown
- E-commerce initiatives, new forms of delivery of customer goods and services, increasing digital communications and marketing

Our community

- A wide range of activities and donations to support those impacted by the economic downturn. *Read our CSR Report on page 78*

WHERE WE ARE NOW

- Successfully negotiated moratoriums with commercial banks
- Secured additional credit facilities to increase our financial headroom
- Coupon bond payments deferred by six months to December 2020
- Large number of promising new projects in development across the group. *Read the Interview with the COO on page 32*
- Renewed dynamism in Property business unit: healthy and accelerating sales pipeline in land parcelling projects
- Other sectors recovering well, notably Agriculture, which is offering increasing scope for growth

PRIORITIES GOING FORWARD

- Maintain discipline and culture of frugality in our operations, including via careful selection of new suppliers and partners
- Continue to support our people, strategic partners, customers, and community in the face of an emerging recession
- With quarantine measures still in place in Mauritius and a resurgence of COVID-19 worldwide, find ways to generate revenue and/or conserve cash in tourism-exposed businesses



THE INPUTS WE USE



HUMAN CAPITAL

- 919 talented and committed people.
- A centralised human capital strategy that aims to transform our business via recruitment and succession planning, learning and development and a health & safety framework.



SOCIAL AND RELATIONSHIP CAPITAL

- A customer-centric corporate culture and approach to work.
- A CSR strategy that allows us to give back to our community.
- Trust-based relationships – with our people, strategic partners, suppliers, and national authorities – that enable us to work effectively.



FINANCIAL CAPITAL

- A centralised finance function that works closely with each business unit.
- A group-wide financial strategy that seeks to optimise our funding position, control costs, prioritise liquidity and reduce debt.
- Renegotiation of dues to commercial banks and discussions with national authorities regarding available support.



INTELLECTUAL CAPITAL

- The expertise of our teams across a range of sectors (agriculture, travel, hospitality and leisure, property, education).
- A digitalisation strategy to transform/enhance how we work and the services that we deliver.



NATURAL CAPITAL

- One of Mauritius' largest land banks as the bedrock of our value-creation model.
- A sustainable, inclusive approach to development.
- A commitment to preserving, protecting and investing in our environment.
- Investments in green energy and eco-friendly products.
- Efforts to minimise the use of resources such as water, land and energy.



MANUFACTURED CAPITAL

- The vehicles, buildings, equipment and infrastructure that allow us to operate.



Centralised support functions:

- Finance
- IT
- Human Resources & Health and Safety
- Legal
- Communication
- Office Management
- Security
- Company Secretarial
- Marketing



Mauritius – west coast focus

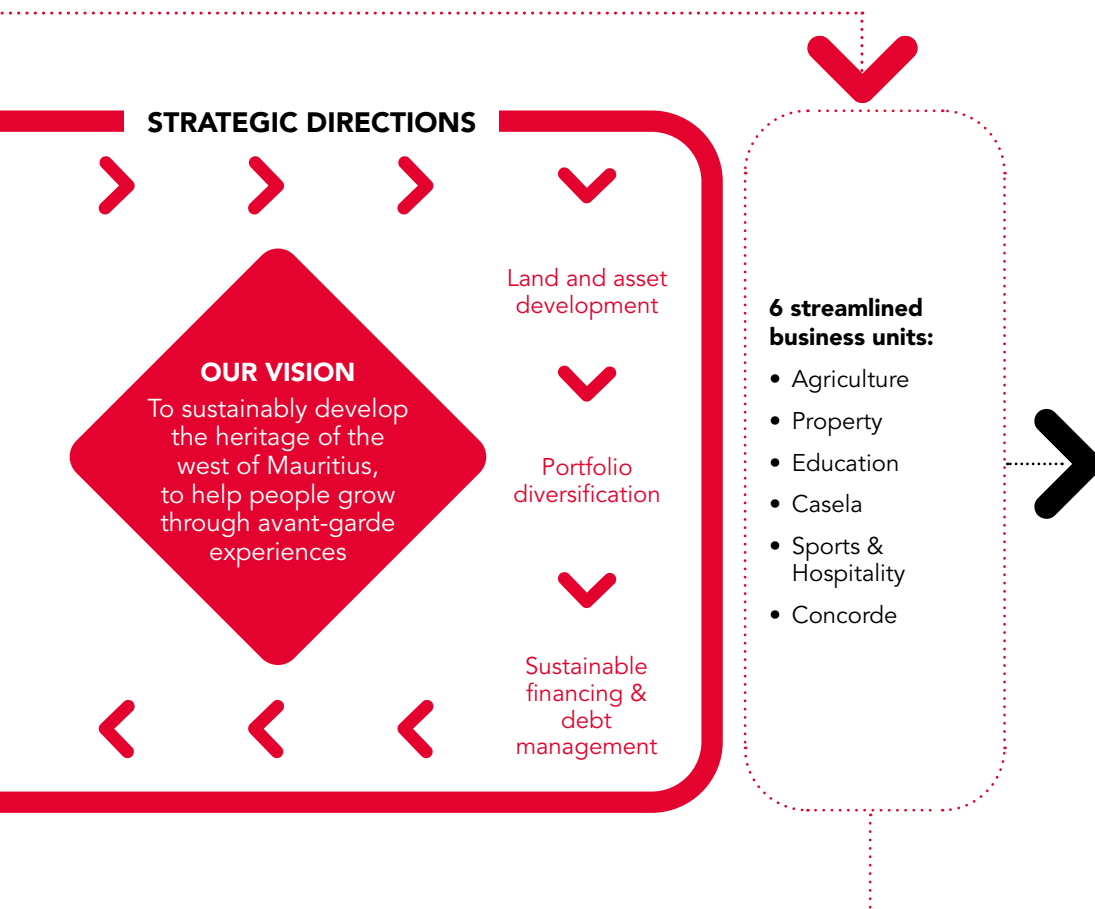


Social responsibility & diversity



Digital transformation





OUR PEOPLE

- A healthier, safer workforce.
- Enhanced employee engagement.
- A corporate culture based on strong values that enables us to attract top talent and stay ahead of the curve in each of our areas of activity.

[Human Capital report page 62].

OUR COMMUNITIES, CUSTOMERS, STRATEGIC PARTNERS AND SUPPLIERS

- Reduced environmental impact and protection of biodiversity.
- Communities that enjoy improved livelihoods and better educational outcomes.
- Constructive working relationships with our suppliers and strategic partners.
- Digital processes and services that respond to changing customer needs, optimise their experience and enhance loyalty.
- An educational offer aimed at Mauritian and African students and that shapes the workforce of the future.

[COO's report page 30, CSR report page 78].

OUR INVESTORS

- Business continuity.
- Minimisation of financial risk and preservation of market capitalisation.
- Top and bottom line growth in the post-COVID-19 recovery period.
- Adoption of digital technology, ensuring Medine's continued competitiveness and delivery of efficiencies internally.

[CFO's report page 34, Financial statements page 104].

REGULATORS AND GOVERNMENT BODIES

- Constructive working relationships and goodwill, enabling us to work effectively.
- Cost-sharing e.g. on development of critical infrastructure.

[Stakeholder engagement page 60].

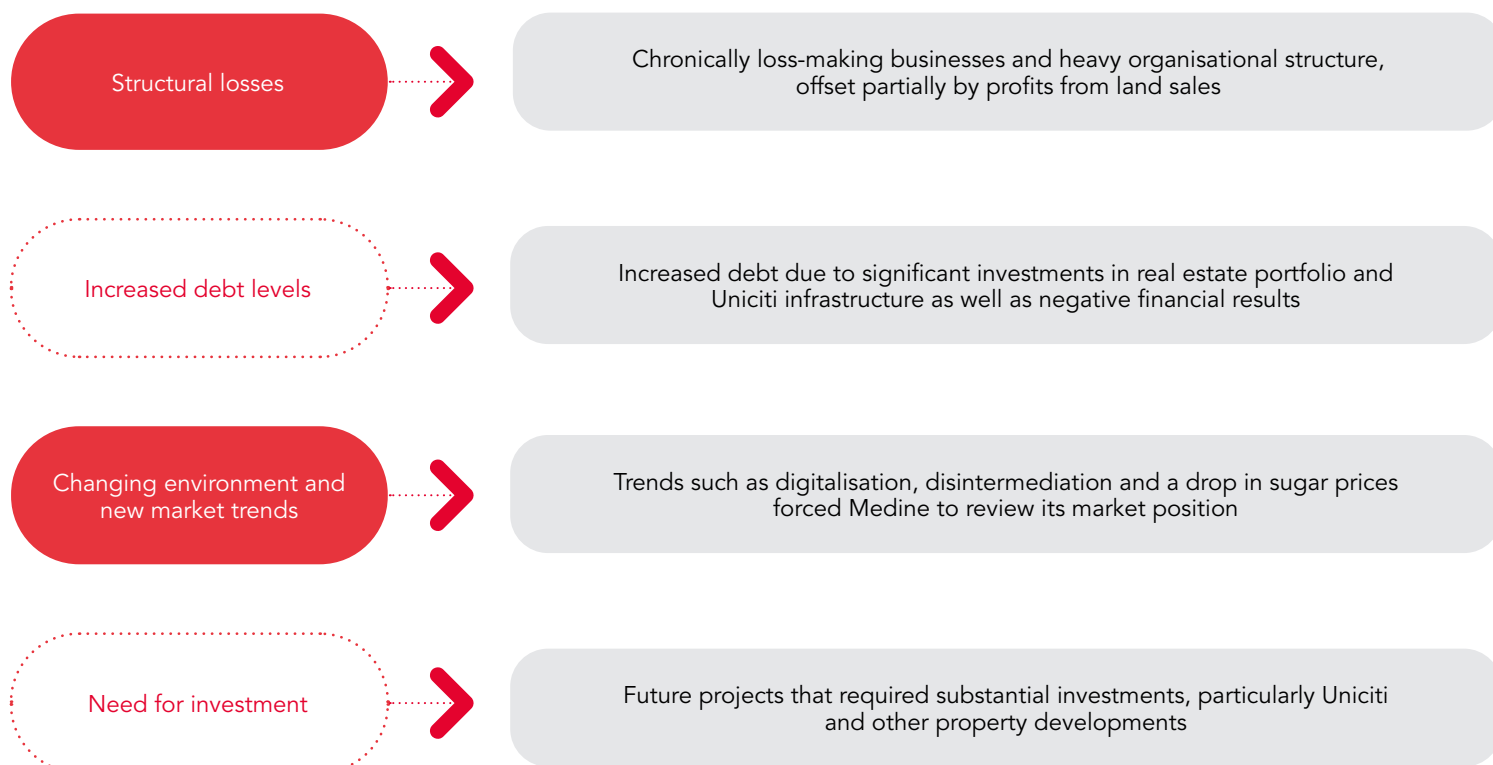
Well-established frameworks for governance (including an experienced and diverse Board of Directors), risk and financial management that allow Medine to deliver on its strategy.

MEDINE'S STRATEGIC REPOSITIONING

FROM FY 2019 ONWARDS: REPOSITIONING OUR COMPANY

In March 2019, Medine embarked on a strategic plan to reposition our business for growth.

Medine was underperforming compared to its potential:



OBJECTIVES

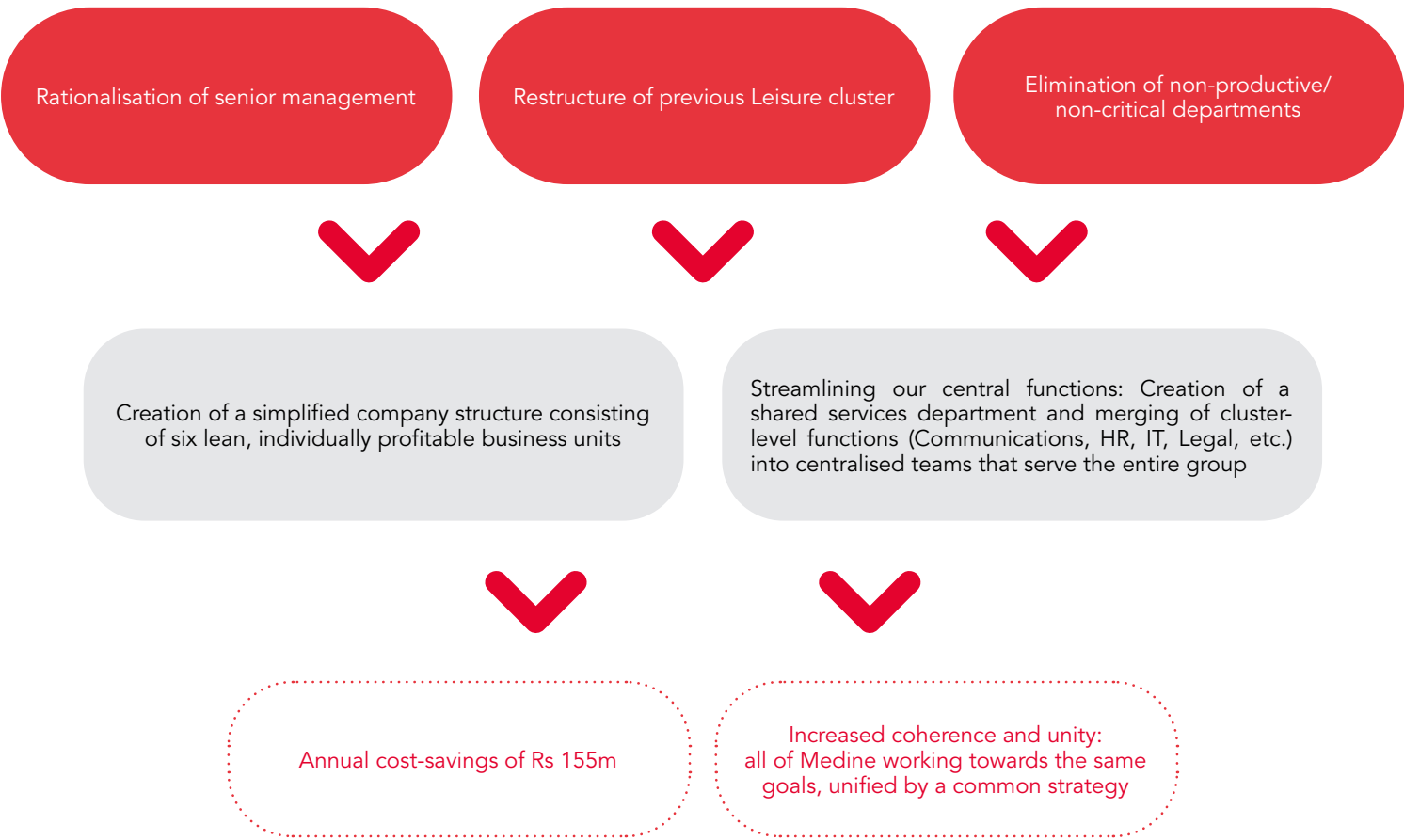
- Reduce our debts over the medium term
- Refocus our strategy and positioning as a land developer
- Ensure we are able to generate sustainable value for our shareholders and other stakeholders in the long term

ACTIONS TAKEN

- Exit of non-core and/or consistently loss-making activities e.g. our sugar factory and focus on strategic and profitable businesses
- Debt restructuring: raised bonds for long-term capital expenditure
- Measures to increase efficiency and reduce costs, e.g. via digital tools and the creation of a shared services centre to streamline support functions

WHAT WE ACHIEVED THIS YEAR

While we had successfully divested or closed unprofitable businesses in previous years, Medine’s organisational structure remained top-heavy and cumbersome, involving significant overheads. In FY 2020, Medine took the strategic decision to streamline its structure, splitting four standalone clusters into six strategically-positioned business units. We also merged each cluster’s support services into single, centralised teams. Alongside this, we encouraged the adoption of a prudent financial approach and a mindset of frugality across the group. The financial and operational challenges associated with the COVID-19 crisis increased the urgency of this process.



GROUP STRATEGY

Medine is now pursuing the following strategic directions.



Mauritius – west coast focus

Develop activities in the Black River district near the west coast of Mauritius, where Medine has a significant land asset base and a strong differentiation factor

Opportunistic development of activities throughout the rest of the island



Land & asset development

Position Medine as a land developer first and foremost

Invest in strategic development projects to increase the value of our land bank

Develop high-yield Build & Lease assets



Portfolio diversification

Develop a wider range of activities across different sectors to diminish exposure to risk

Achieve critical size to prevent dispersal and develop expertise

Diversify into land parcelling and away from bulk sales

Grow scalable activities to generate optimal returns

HOW COVID-19 HAS
AFFECTED OUR STRATEGY



These align with our mission to develop land and diversify our assets on the west coast of Mauritius, while managing our debt and taking a socially responsible, inclusive approach to growth. They also reflect Medine's material issues, as set out on page 12.



Sustainable financing & debt management

Reduce Medine's debt to below Rs 4bn by 2023

Achieve sustainable earnings per share of Rs 4 by 2023



Digital transformation

Transform the company via:

- Seamless connectivity and end-to-end processes
- Greater automation
- Data-driven decisions



Social responsibility & diversity

Create inclusive growth by developing our people's talents, a diverse workforce and an inclusive corporate culture

Contribute to better outcomes in the community by creating economic opportunities and providing better access to education

While Medine continues to deliver on its strategic plan, the COVID-19 crisis has led us to prioritise certain areas of activity (such as food production and essential services) while putting others (such as our hospitality activities) on hold in the absence of international tourism arrivals in Mauritius.

Going forward, Medine will continually assess its strategic priorities to manage emerging risks and ensure that its businesses are able to capture new opportunities.

HOW OUR BUSINESS UNITS ARE DELIVERING OUR STRATEGY



Agriculture



Property



Education

Objectives

Adopt the latest technologies in our agriculture activities to drive efficiency

Contribute to food self-sufficiency in Mauritius in context of COVID-19

Develop alternative revenue sources

Develop projects on our available land bank to increase land value and cash-generating assets

Preserve the landscape and develop land assets in an environmentally and socially sustainable/sensitive way

Focus on land parcelling rather than bulk sales: land an appealing investment for Mauritian market

Build & lease portfolio currently less profitable due to lower demand: focus resources elsewhere

Provide cutting-edge educational opportunities to future generations of Mauritians and Africans

Shape the workforce of the future

Shift to digital teaching delivery

Performance against objectives

Innovative new distribution channels created, e.g. Jardins de Medine e-commerce platform

Launch of new brand, Mo Ti Bazar, to reach an untapped market segment and a different demographic

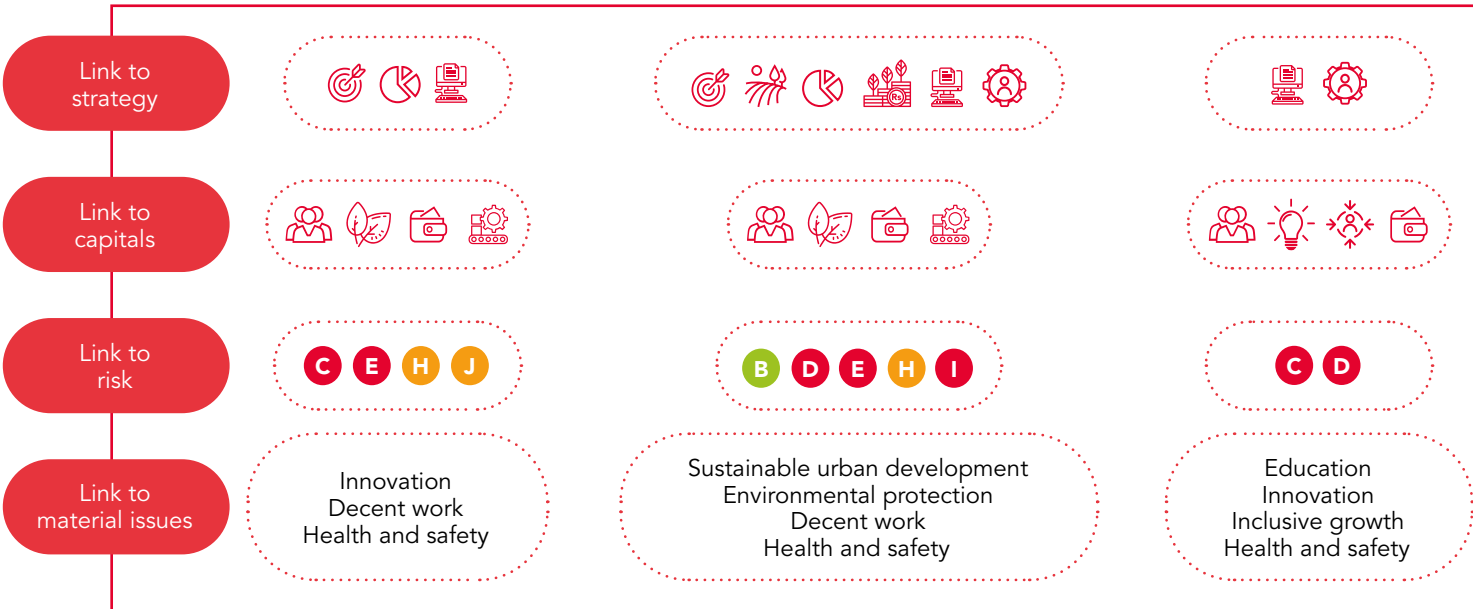
Rock quarries being developed to diversify revenue sources

New land parcelling projects (Magenta Parkside, Serenis) and renewed sales pipeline

Accelerated pipeline of new parcelling developments

Targeting of educational offer at Mauritian students, who are increasingly staying in the country

Positioning of Mauritius as a COVID-safe destination for students from the African continent





Casela



**Sports &
Hospitality**



Concorde

Contain costs while ensuring maintenance of park and animal welfare

Franchise protection: safeguard our brand until tourism sector recovers

Develop new initiatives for the local market to increase footfall and generate revenue

Contain costs

Franchise protection: safeguard our brands until tourism sector recovers

Diversify offer to generate new revenue streams

Contain costs

Franchise protection: safeguard our brand until tourism sector recovers

Adopt new digital platforms to improve offer and efficiency and remain competitive as the travel and tourism industry recovers

Prepare to capitalise on emerging opportunities post-COVID (e.g. marketing Mauritius as a COVID-safe destination for longer-term stays)

Creation and launch of Pangia children's park, a unique attraction in Mauritius

Launch of pay-as-you-go tickets to offer flexibility to the end customer

Public events (e.g. sundowners, concerts) to support local artists and attract Mauritian visitors

Major renovation at Tamarina due to complete in December 2020

Relaunch with a refreshed hospitality offer and market positioning

Launch of Kasnpoz.mu, a promising new B2C website that markets local leisure experiences to the Mauritian market

Redeployment of resources across other parts of Medine



A B C D H

Innovation
Environmental protection
Decent work
Health and safety



A B C D H

Innovation
Sustainable urban development
Decent work



A B C D

Innovation
Decent work

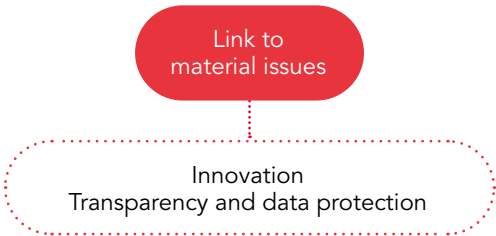
DIGITAL TRANSFORMATION

Digital transformation is crucial to Medine's continued evolution and ability to create sustainable value. It has an impact on every aspect of our business, from our internal ways of working to how we engage with our clients, partners and suppliers, and other stakeholders.

Our aim is to use technology to drive innovation, remain relevant, and create cost-savings and efficiencies (e.g. via data analytics, e-business (digital marketing and e-commerce), automation and artificial intelligence).

The main strands of our digital transformation strategy are:

- Digitalising our operations to save time, money and other resources
- Improving how we engage with stakeholders (e.g. via CRMs, digital marketing) to better understand and respond to their needs
- Promoting digital innovation by developing new business models and offering new products and services
- Improving our people's digital skills and promoting an agile and innovative working culture

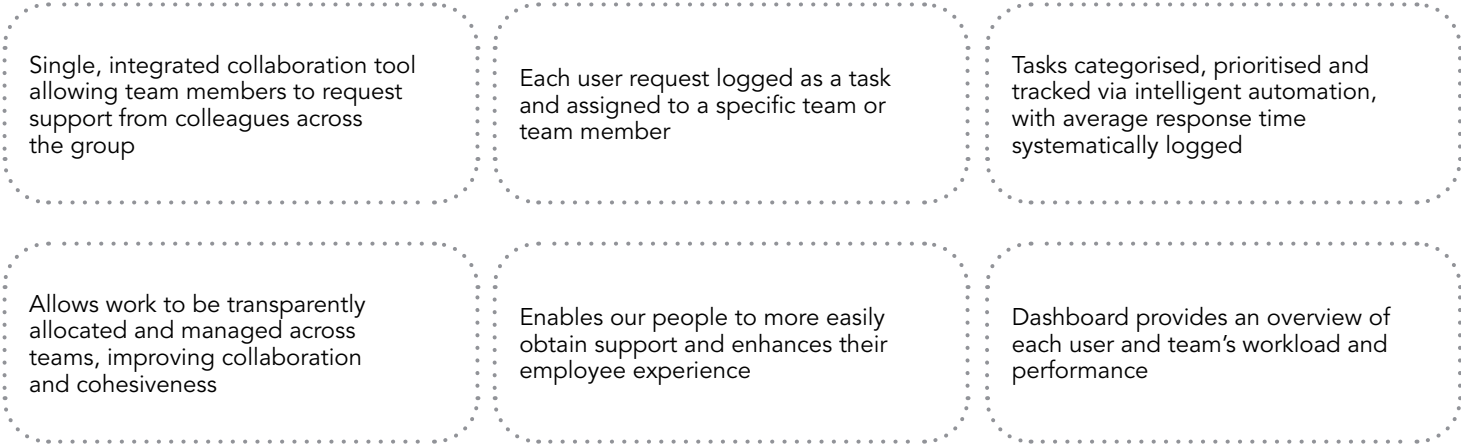


ADOPTION OF NETSUITE

In 2020, Medine completed its move to NetSuite, the world's leading cloud-based ERP.



LAUNCH OF MEDINE iHELP



KEY BENEFITS

Streamlining and automation of core business processes across the company, freeing up staff time and other resources

Real-time data and better visibility of costs and performance, enabling more agile and informed decision-making

Centralised management of financial transactions, financial close and compliance (eliminating the need for time-intensive, inefficient spreadsheet-based reporting)

Enhanced customer service via centralised management of stakeholder engagement records

Available via multiple channels (email, self-service portal, mobile app, phone, chatbot)

Speeds up resolution time and improves service quality

Greater efficiency

Improved productivity

Better performance

MEDINE’S KEY RELATIONSHIPS

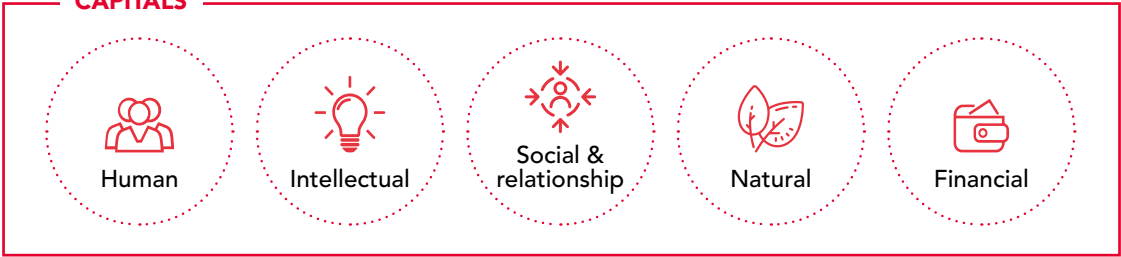
Building trust-based relationships with our stakeholders is crucial to Medine’s ability to deliver on its strategic objectives.

We identify our priority stakeholders based on:

- The extent to which we depend on the stakeholder’s support to achieve our strategic objectives
- The stakeholder’s influence on our performance
- The risks that Medine incurs if we do not take the stakeholders’ concerns or expectations into account

STAKEHOLDERS	WHY THIS GROUP IS A KEY STAKEHOLDER	THEIR EXPECTATIONS AND MAIN CONCERNS
Customers	By purchasing our products and services, customers drive Medine’s revenue and influence our strategy and planning.	<ul style="list-style-type: none">• Health and safety measures in context of COVID-19 crisis• Flexible payment terms and moratoriums in the context of COVID-19 crisis• Product and service quality, safety, relevance and value• Transparency and engagement regarding Medine’s activities and decisions that affect clients• Ethical practices including data protection and information privacy• Management of social and environmental impacts
Medine’s people <i>Human Capital report, page 62.</i>	Our ability to attract and retain top talent, as well as our people’s skills, engagement and productivity, are crucial to our ability to deliver on our strategy.	<ul style="list-style-type: none">• Ongoing communication and reassurance regarding Medine’s strategy and sustainability• Reinforced health and safety measures in the context of the COVID-19 crisis• Job security, particularly in the current context• Competitive remuneration (wages and benefits) and fair employment conditions• Opportunities for learning and development and career progression• Input into and information about Medine’s activities, strategy and key events• Ethical corporate behaviour and responsible social and environmental practices
Strategic partners	They enable us to deliver specialist products and services. The customer experience they provide has a potential impact on Medine’s reputation and brand.	<ul style="list-style-type: none">• Information about the impact of COVID-19 on Medine’s operations and financial performance• Ongoing support and assistance, particularly in the context of the COVID-19 crisis• Trust-based relationships• Ethical business practices, fair treatment and terms and conditions• Ongoing information about and input into Medine’s strategy and decision-making• Regular communication• Strategy alignment where relevant

CAPITALS



MAIN CHANNELS/HOW WE ENGAGE**IMPACT
ON CAPITALS****LINK TO
MATERIAL ISSUES**

- Retail outlets
- E-commerce and remote customer service platforms in the context of COVID-19 lockdown
- Medine website, social media interaction, public relations, newsletters, market surveys and focus groups
- Loyalty and membership programmes



- Health and safety
- Innovation
- Transparency and data protection

- Activities to communicate and embed new Medine values, mission statement and branding including via values workshops, roadshows, films etc.
- Enabling and embracing change: team meetings, executive video messages, internal communications, virtual town halls
- New or strengthened policies in the context of the COVID-19 pandemic: work from home policies, flexitime policy, enhanced health and safety measures
- New communication channels in the context of the COVID-19 lockdown: social media interaction, internal newsletters, email circulars, regular virtual meetings on strategy and operational issues etc.
- A human capital strategy that promotes inclusion and collaboration
- Collective and individual bargaining agreements



- Inclusive growth
- Decent work
- Health and safety
- Education
- Transparency and data protection

- Recurrent operational and strategy meetings and reports
- Regular communication via operational channels
- Active membership in sector-specific groups and forums



- Transparency and data protection
- Decent work

STAKEHOLDERS

WHY THIS GROUP IS A KEY STAKEHOLDER

THEIR EXPECTATIONS AND MAIN CONCERNS

Suppliers and contractors

Our relationships with suppliers affect our cashflow and ability to provide cost-effective products and services to customers.

- Procurement opportunities
- Promotion of synergies via opportunities to supply products and services to other Medine business units
- Fair contracts/terms and conditions
- Ethical business practices
- Prompt payment

Communities including NGOs

CSR report page 78.

Our engagement with communities contributes to the sustainable socioeconomic development of western Mauritius, in line with Medine's mission statement. Medine's ability to create value in the long term depends on a healthy social and environmental context. Our work in the community also has a potential impact on our reputation.

- Funding and other types of support (CSR, in-kind, partnerships)
- Transparency and engagement, particularly regarding decisions and projects that affect the local community
- Responsible business practices and management of social and environmental impacts
- Community investment and provision of educational opportunities

Investors (Shareholders and Noteholders)

Corporate Governance report, page 86.

They provide the financial capital that drives our long-term growth.

- Information about the impact of COVID-19 on Medine's operations and financial performance
- A strategy for robust, sustainable growth
- Accurate information about performance
- Payment of dividends
- Responsible use of capital
- Sound corporate governance practices
- Regular access to Medine executive team

Regulators and government bodies

Corporate Governance Report, page 86.
Risk Management Report, page 68.
CSR report page 78
Performance review

They establish the legal and regulatory framework in which we operate. Positive working relationships with regulators allow us to help shape national policy and present our opinions through industry forums and other open processes.

- Active participation and partnership in Mauritius' socioeconomic development including via contributions to the national tax base
- Local investment (infrastructure, education etc.)
- Legal compliance, especially on health and safety, labour and environmental issues, and to ensure the quality of services provided (e.g. educational courses)
- Protection of employees and customers, particularly in the context of the ongoing COVID-19 crisis

CAPITALS



MAIN CHANNELS/HOW WE ENGAGE

IMPACT ON CAPITALS

LINK TO MATERIAL ISSUES

- Direct relationships with contractors
- Transparent and well-established tendering process
- Corporate communication via website, public relations, social media interaction



- Transparency and data protection
- Decent work

- CSR strategy set by Fondation Medine Horizons and delivered by Medine businesses and team members
- Working relationships with national regulators and bodies that work with vulnerable communities
- Regular community meetings and consultations
- Communication via website, newsletters, social media presence
- Encouraging customers, especially Medine's student population, to get involved in social projects



- Inclusive growth
- Decent work
- Health and safety
- Environmental protection
- Transparency and data protection
- Sustainable urban development

- Ongoing communication regarding COVID-19-related activities
- Analyst meetings and annual shareholders' meeting
- Financial reports and statutory communication (annual report, quarterly abridged reports etc.)
- Website: 'Investor Relations' section
- Media coverage and social media presence
- Early access to major projects (e.g. real estate developments)



- Health and safety
- Innovation

- Meetings with government representatives and participation in public policy forums
- Working relationships and consultations with national regulators
- Reporting on health and safety practices in the context of the COVID-19 crisis
- Financial reports (annual report, quarterly abridged reports)



- Health and safety
- Inclusive growth
- Decent work
- Health and safety
- Environmental protection
- Transparency and data protection
- Sustainable urban development

HUMAN CAPITAL

The COVID-19 pandemic has confirmed the fact that our people are our greatest asset. Their engagement, experience and skills are fundamental to Medine's success. Our priority therefore remains to protect our teams' wellbeing and safety, invest in their continuing professional development, and safeguard jobs as far as possible. Though we are conscious of the current need to contain costs in the short term, it is more important than ever to ensure we have the right talent to weather the COVID-19 storm and position Medine for sustainable growth in the future.

KEY WORKSTREAMS

We actively seek to position Medine as an attractive employer by creating a friendly and inclusive culture, investing in our teams' personal and professional development, providing market-aligned remuneration and a work-life balance, among other things.

The main pillars of our human capital strategy are outlined below.

Link to
material issues

Inclusive growth
Decent work
Health and safety
Education
Innovation
Transparency and data protection

Talent recruitment

Medine has a clear talent acquisition strategy through which it staffs key roles.

This year, we have had to revise this strategy in light of Medine's organisational restructure and a lack of financial visibility due to the COVID-19 crisis.

Alongside this, we are focusing on training, coaching and mentoring employees to enable them to be redeployed in other Medine departments where possible.

Competitive remuneration

In order to attract and retain the right talent, Medine takes part in an annual remuneration survey and benchmarks its remuneration practices against the local market.

Performance management

Having revised our performance management system its three years ago, Medine is reviewing its practices once again.

The objective is to simplify our system and encourage more frequent and constructive conversations between staff and managers throughout the year.

Succession planning and leadership development

The group HR department has developed a succession plan for key roles within the group.

The objective is to ensure stability in leadership positions and that departments can continue to operate effectively in the event of personnel departures.

We proactively plan for:

- The retirement of key people
- Potential skills shortages
- Internal competency gaps

We also actively monitor the market for key talents to ensure we can quickly identify potential new hires.

Improving collaboration and efficiency

Medine's organisational transformation this year has improved collaboration by centralising functions and minimising or eliminating duplicate processes. This is allowing us to reduce costs and improve productivity and efficiency.

We also launched a new ERP and a digital platform (e.g. iHelp) to improve internal communication and collaboration.

Training and development

Medine's strategy rests upon the continuous development of our talents.

We delivered almost 5,950 hours of training in FY 2020, mostly in relation to the Culture Development Programme run over a two-month period from Oct to Nov 2019.

Leadership workshops were also organised for all staff, with specific coaching follow-ups for managers.

The COVID-19 crisis has also accelerated existing trends in the nature of work, such as remote and flexible ways of working, and has accentuated the need for new skills, particularly relating to digital. We therefore provided online personal development programmes for our teams during lockdown.

Going forward, we will focus on developing our people to ensure they have the right skills and mindset for the workplace of the future.

This will mean more personalised mentoring and coaching as well as managerial/leadership training via Medine's education hub.

PROMOTING AN INCLUSIVE AND DIVERSE WORKPLACE

Building on the values that were defined in FY 2019, Medine is actively promoting a more open, inclusive corporate culture in which employees feel empowered and able to contribute new ideas.

Embedding our values

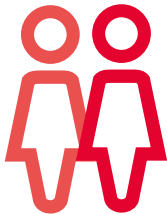
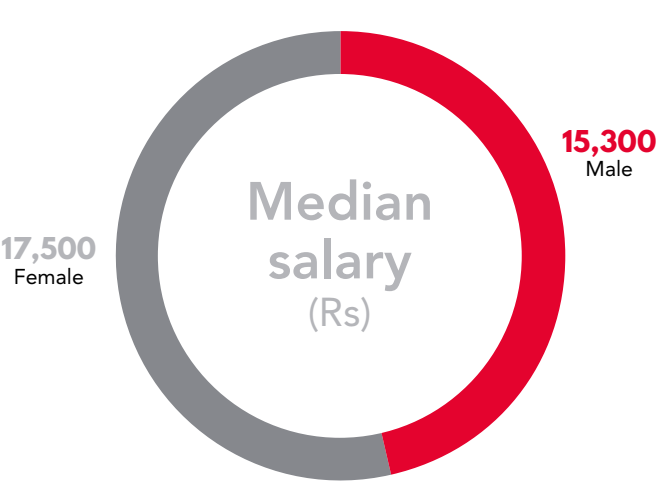
In October 2019, the HR team implemented a Culture Development Programme (CDP) to communicate Medine’s new branding, values, mission and vision to our employees. Our aim is to create a strong and fulfilling working culture that supports Medine’s business objectives and vision, while uniting our teams via a common mindset and values.

A roadshow by Medine’s senior management was followed by a series of workshops, held over six weeks and attended by all employees.

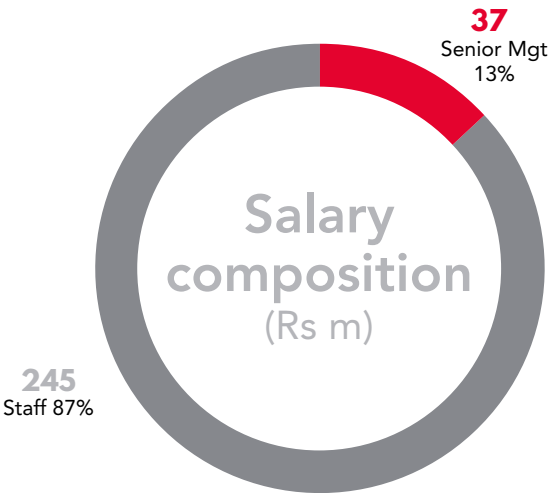
Other CDP sessions had been planned to continue to embed Medine’s values in its daily business practices. These were postponed due to the impact of the COVID-19 crisis.

Gender

Medine is proud to have positive gender pay gap as result of a deliberate policy of diversity and inclusion. We ensure that women are equally valued for their competences and the value they add to Medine, and therefore actively encourage them to apply for senior roles.



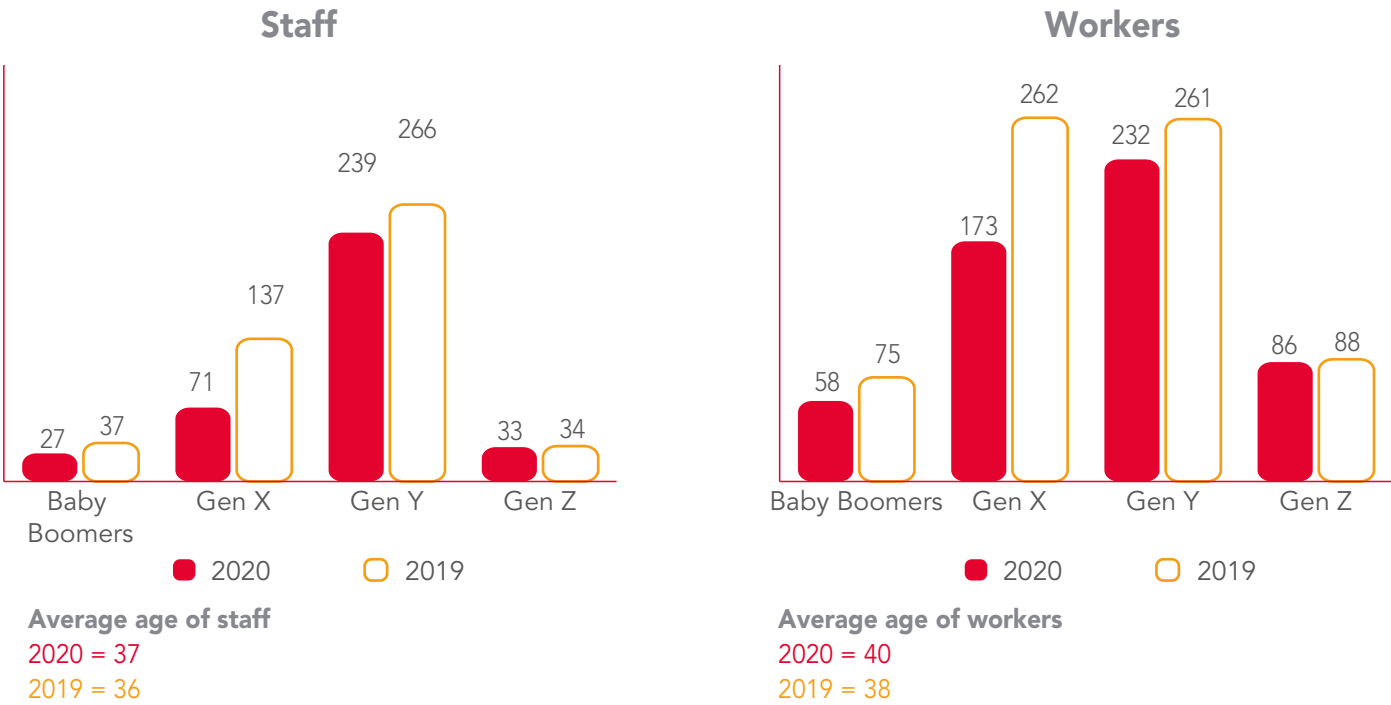
2 women
on the Board of Directors
(out of 11) = 18%



1 woman
on the Senior
Management team
(out of 6) = 17%

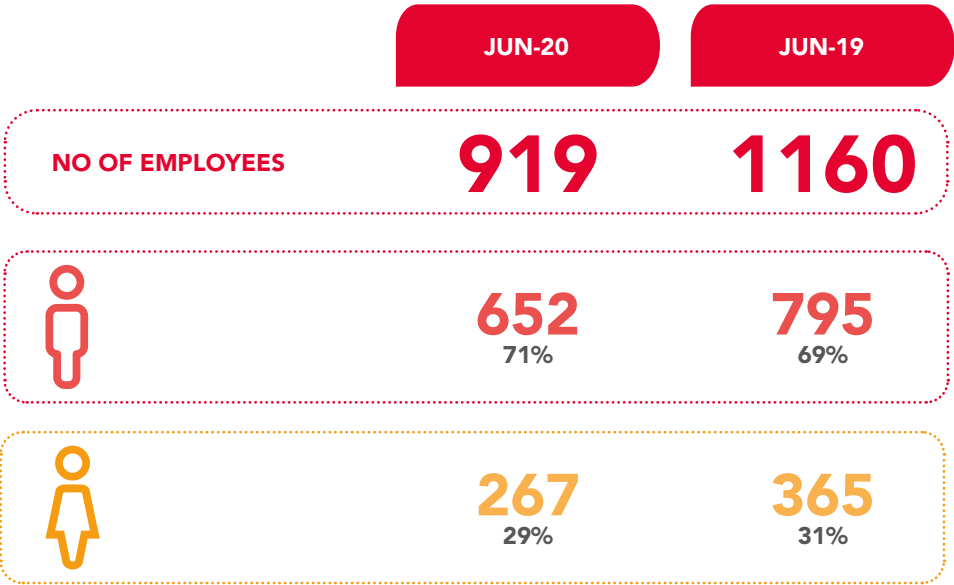
Age distribution

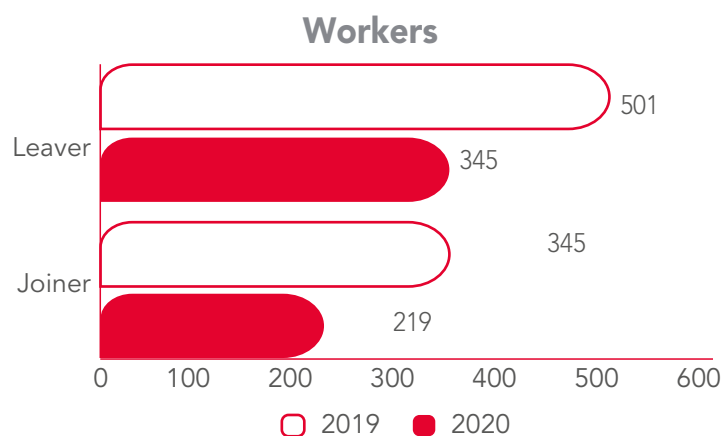
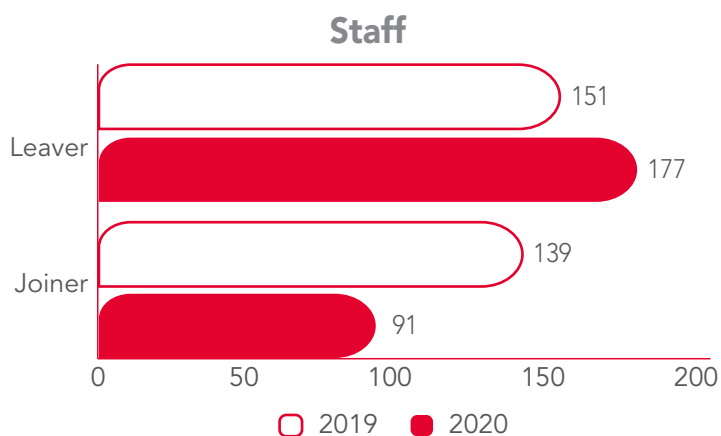
Medine has relatively fewer young employees, reflecting our attractiveness as a place to work and low historical turnover. It also represents a challenge for the future, as we will need to invest in training our existing employees for the digital world.



Turnover

Due to the impact of COVID-19 and to Medine’s restructure, we saw higher turnover in FY 2020 than in previous years. This is the case at every level of responsibility throughout Medine.





Turnover rate FY20

Overall = **36%**
 Staff = **31%**
 Workers = **38%**

Protecting our people from COVID-19

Since the emergence of the COVID-19 pandemic, Medine has put the following measures into place to protect the wellbeing and safety of our people:

Reinforced health and safety measures

- Temperature taken at each place of work upon arrival
- Use of hand sanitiser, regular hand washing, social distancing and compulsory wearing of face masks
- No more than five participants per meeting

Work from home policies

Launch of digital platforms to enable remote working

Constant communication regarding the impact of COVID-19 on Medine and measures affecting staff

ARC Chairman's report

AUDIT & RISK COMMITTEE



“

The ARC continues to play a vital role in assisting the Board in fulfilling its oversight responsibilities. This year, we have seen a new risk on our radar ‘Pandemics and infectious diseases’ and business activities were and are being impacted. Business environment is no more as usual and recovery is paving the way for a ‘New Normal’ with opportunities. ”

Jacques Tin Miow Li Wan Po
F.C.C.A., G.O.S.K.

Chairman of the
Audit & Risk Committee (ARC)

Dear Stakeholder,

Strong risk management makes Medine more resilient, and resilience recognises that the bigger risk events, like the COVID-19 pandemic, are inherently difficult to predict and to manage. This pandemic has given rise to a relatively new breed of risk that requires different risk management approaches.

Last year was a milestone in that it was the first time that a full risk assessment was performed for Medine. This exercise identified our business' principal risks and ensured that they were being managed adequately and appropriately.

This year, we have seen some improvements in our risk culture. Business units are doing their own risk assessment and these risks are being reviewed and monitored. For an organisation like Medine, this change in mindset is very important and will definitely help us to move forward to a more mature risk-management stage.

COVID-19 pandemic was an unforeseen risk that has affected all of us, directly or indirectly. Despite the national lockdown, the Audit & Risk Committee's (ARC) meeting, which was pre-scheduled, took place via video conference. The ARC continued to monitor the top risks on its radar, meeting eight times in total during the year.

During FY 2020, we successfully:

- Implemented a Whistleblowing Policy and Procedures. As it is a new process and to create confidence in the system, online and offline workshops were carried out with all Medine employees. Additionally, the ARC fully supports the confidentiality and protection of genuine whistleblowers.
- Reviewed and recommended for approval to the Board a Data Protection Privacy Charter and an Internal and External Privacy Policy.
- Reviewed and approved the tendering process of the main contractors for the property business unit.
- Evaluated the external audit tendering process and make recommendations to the Board.
- Reviewed quarterly accounts and financial statements.
- Reviewed six internal audit reports.
- Appraised the risk management reports for Medine's four clusters and monitored the group's principal risks and related emerging risks.

Our key priorities for FY 2021 are:

- The reinforcement of the Three lines of Defence and updating them based on recommendations from the Institute of Internal Auditors.
- To continue to monitor the ongoing implementation of internal audit reports and ensure that management delivers the agreed internal control improvements.
- To strengthen Medine's risk awareness and culture.
- To review the Data Classification and Retention Policy with regards to data protection.
- To review the Anti-Money Laundering and Combatting the Financing of Terrorism Policy.
- To review the Medine policy and procedure manual.
- To continue to closely monitor the liquidity and gearing risks in the context of COVID-19 impacts on business performance.

As Chairman of the ARC, I report to the Board on the Committee's work on a regular basis. There was no material event that has been reported to prevent the Committee from discharging its responsibilities.

To conclude, I would like to extend my appreciation and thanks to the Audit & Risk Committee members, the senior management team, the external auditor and the internal audit team for their contributions and the support they provided during the year.

Key responsibilities of the Committee:

- Overview the annual and interim financial statements
- Review the nature, scope and results of the internal and external audit
- Review the adequacy and effectiveness of the system of internal control
- Review the principal risks of Medine and to oversee the implementation of appropriate measures to manage such risks
- Assess and recommend the appointment of internal and external auditor, in relation to their independence, qualifications, performance and cost effectiveness

(The full terms of reference of the ARC is available on Medine's website, www.medine.com.)

ARC members

- Jacques Tin Miow Li Wan Po
- Jocelyne Martin
- Shakil Moollan
- Marc de Ravel de L'Argentière

Full biographies of each member can be found on pages 20 to 24.

In attendance

	REGULAR ATTENDEE	ATTENDS AS REQUIRED
Chief Operating Officer	•	
Chief Financial Officer & Head of Technology	•	
Head of Internal Audit & Risk Management	•	
External Auditor- Ernst & Young		•
Business Unit's Senior Management		•

RISK GOVERNANCE

BOARD

Internal Control

The system of internal control is designed to provide the Board of Directors (Board) with reasonable assurance that assets are properly safeguarded, that transactions are authorised and recorded and that material frauds and other irregularities are either prevented or detected within a reasonable time.

Responsibilities of Internal Control

The responsibility of the group’s internal control system and risk management lies with the Board, which has delegated appropriate authorities to management. Management has a duty to put in place adequate internal controls that focus on managing the risks of implementing strategies and policies adopted by the Board and integrating them in the day-to-day operations.

ARC

In this context, the Medine’s Board set up an Audit & Risk Committee (ARC) in 2005, which reflects the size and diversity of the group, and whose main objectives are to review the existence and efficiency of internal controls. The Board is able to receive assurance from the ARC that the fundamental areas of risk recognition and mitigation are adequately covered in a responsible manner.

LINE OF DEFENCE

The three levels of assurance in our internal control environment



Operational management

- They own and manage risks
- Front-line personnel responsible for day-to-day operations and for ensuring that the risk and control environment is established

Management review and assurance

- They provide risk oversight
- Responsible for defining and maintaining the risk management and compliance framework, and undertaking its own oversight of the first line of defence in its daily management of risks

Independent assurance

- Independent assurance provided by the internal audit function

Third line of defence – Internal Audit

The internal audit is an independent in-house function designed to add value and to improve the Medine group operations. It helps business units accomplish their objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.

The internal audit function and its purpose, responsibilities and authority are governed by the internal audit charter, which has been approved by the Audit & Risk Committee. The authority to appoint or remove the Head of Internal Audit & Risk Management is also entrusted to the Audit & Risk Committee.

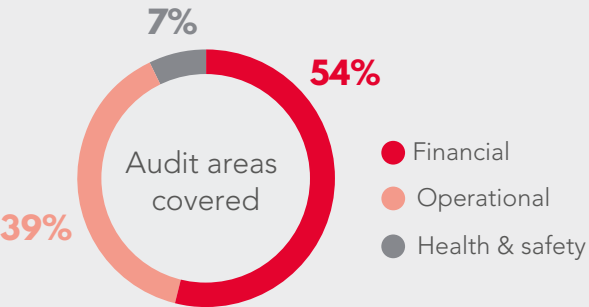
The Head of Internal Audit & Risk Management reports functionally to the Audit & Risk Committee, administratively to the Chief Operating Officer and maintains an open line of communication with Medine’s management.

Critical findings arising from the internal audit activity are formally reported to the Audit & Risk Committee. Medine’s senior management team is invited to attend the Committee’s meetings.

INTERNAL AUDIT

The internal audit plan has been impacted by COVID-19 and the national lockdown. There have been six internal audit assignments during FY 2020. The areas covered by the internal audit activity are displayed on the chart to the right.

The Board is comforted that all significant areas of the organisation have been covered by the internal audit function and that no restrictions have been placed over the right of access to records, management and employees.





OVERVIEW OF THE RISK MANAGEMENT FRAMEWORK

Last year marked the adoption of our Risk Management Framework (refer to the website: www.medine.com for more details) which integrates the Company's vision, values and strategies. This year, risk assessment exercises were carried out with all business units. The table below illustrates how we applied our process, our achievements for the year and the way forward for FY 2021.

RISK MANAGEMENT

	Risk management process	Achievements in FY 2020
OBJECTIVE SETTING	Set objectives that are aligned with the organisation's vision, values and strategic objectives.	<ul style="list-style-type: none"> This year, the Risk Management Framework was aligned with the vision and values of Medine During this year's risk assessment exercises, business units' strategic objectives were discussed, validated and included in the Business Risk Registers
IDENTIFICATION OF RISKS	External and internal factors that create opportunities and threats resulting in the upside or downside of risks.	<ul style="list-style-type: none"> Focus group sessions were carried out with key employees/process owners in business units In line with our Risk Management Framework, facilitating the scanning of the internal and the external environment by management The risk universe for each business unit has been updated with new risks and outdated risks have been removed Risk universe expanded from 79 risks last year to 97 (inclusive of systemic risks) this year
RISK ASSESSMENT	Assessment of potential events (likelihood and impact) that affect the achievement of objectives.	<ul style="list-style-type: none"> The risk assessment methodology (scale voting grid for likelihood and impact) has been explained for a common understanding and standardisation Each risk was measured in terms of likelihood and impact Rating and prioritisation of risks in terms of inherent and residual risks based on controls in place
RISK RESPONSE	Risk response options and their effect on likelihood and impact, and the design and implementation of risk responses.	<ul style="list-style-type: none"> Current and desired control effectiveness were voted, the gaps determined and appropriate risk mitigating measures/responses identified Controls and mitigating actions identified but need to be reinforced
RISK MITIGATION PLANS	Developing and implementing risk mitigation plans.	<ul style="list-style-type: none"> Design and implementation of the Business Risk Register for each business unit Heat map and rating score sheet for inherent and residual risks Risk mitigating plans done for principal risks
MONITORING	Ongoing monitoring activity ensures the presence and functioning of all components in the framework and its quality and performance over time.	<ul style="list-style-type: none"> Monitoring of risks and mitigating actions at the level of management Risks being managed on a day-to-day basis and integrated in the decision-making process
REPORTING	Reporting on the risk management processes and risks, including risk mitigation plans and emerging risks.	<ul style="list-style-type: none"> Yearly reporting of top 5 principal risks for each business unit, with their respective controls and risk mitigating plans

Implementation
status

Targets for FY 2021



- Alignment risk management process with the strategic plan and the business units' budget for 2021
- Include a risk management section in the budget 2021 for the upside and/or downside of risks



- Improve awareness on risks so as to improve on maturity
- Develop a risk management policy and guidelines
- Management to formally leverage risk information in business decisions



- Questionnaire to be devised and implemented prior to risk assessment exercise
- Bottom up and top down approach, to include the Voice of Directors, to identify and assess key risks



- Training of the risk champions
- Risk champions identified but need to be refreshed with the Centralised Shared Services



- Develop risk mitigating plans and strengthen controls for all risks identified
- Implement an Enterprise Risk Dashboard



- Set up the Operational Risk Management Committee to monitor risk management activities and risk mitigation plans



- The risk assessment exercise to be carried out yearly and reporting will be done at the level of the ARC
- ARC to monitor risks from last year

RISK MANAGEMENT IN ACTION AT UNICITI EDUCATION HUB

A practical example of the effectiveness of our risk management process is within the Education business unit (Uniciti Education Hub, or UEH) following the outbreak of COVID-19 in Mauritius.

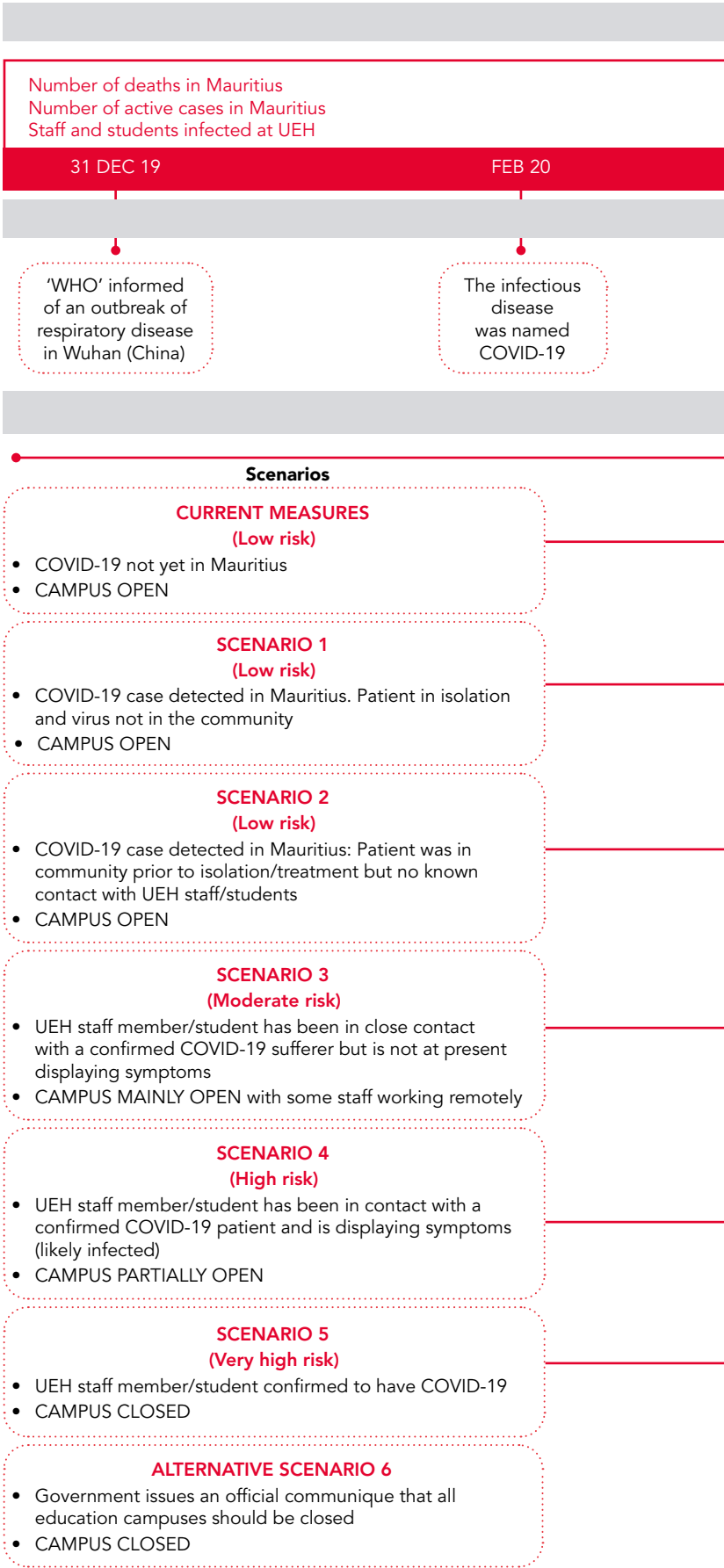
As the outbreak began to spread across the world, it became increasingly apparent that the risk of the virus arriving in Mauritius was high. The Uniciti Education Hub team monitored the spread of the virus and looked at the responses from educational institutions and governments in other countries. UEH worked on possible scenarios for campus management and distributed them to all UEH department Managers, Pierrefonds institution partners and Middlesex University decision-makers.

UEH had two main objectives:

- 1. To preserve the health of students and staff; and
- 2. To maintain the continuity of its operations.

The table to the right illustrates how COVID-19-related risks were managed at UEH.

WHO: World Health Organisation



KEY PERFORMANCE INDICATORS

Nil Nil Nil	Nil Nil Nil	Nil 3 Nil	Nil 7 Nil	1 13 Nil	9 286 Nil	10 19 Nil	10 3 Nil	10 2 Nil
4 MAR	11 MAR	18 MAR	19 MAR	21 MAR	10 APR	28 APR	30 MAY	15 JUN

KEY RISK INDICATORS

'WHO' declared the COVID-19 outbreak a global pandemic

First cases of COVID-19 in Mauritius

Country under sanitary lockdown for 2 weeks
(Trigger event)

Country lockdown extended due to fatal cases and an increase in community transmission
(Intermediate event)

Lockdown partially lifted

End of lockdown

STRATEGIES & PLANS

Responses

- Hand sanitiser in all classrooms
- Soap and hand washing posters in all bathrooms
- Hygiene guidelines sent to all staff
- Campus management protocols finalised
- Process for reporting student/staff sickness finalised
- Email to partner institutions to confirm information and reassure
- Reminder process for reporting and tracking sickness
- Prevention email 1 send to all UEH staff
- Poster on symptoms and managing symptoms displayed on campus and emailed to students
- Email to partner institutions to confirm information and reassure
- Reminder process for reporting and tracking sickness
- Prevention email 1 send to all UEH staff
- Poster on symptoms and managing symptoms displayed on campus and emailed to students
- Specific staff member self-isolating and working remotely
- Email to UEH staff and partner institutions confirming information
- Non-frontline staff to work remotely
- All remaining campus staff issued with facemasks and trained how to use them
- Email to UEH staff and partner institutions confirming information
- Direct contacts of staff member/student sent home to self-isolate
- Appropriate examination segregation
- Deep clean of classrooms/buildings
- Email to UEH staff and partner institutions confirming information
- Instructions on self-isolation issued to all staff and students
- Liaise with the cleaning service provider of deep cleaning over the campus
- Liaise with the security company

Revised scenario and strategy

- Pierrefonds campus closed to all students
- Restaurant closed
- UEH staff working from home
- Most students from the Student Life Residence attempt to return to their home country

Devise plan

- COVID-19 response plan drafted
- Ensure all staff have a laptop and appropriate software installed
- Assess internal logistics of students planning to return home

Plan communication

Medine's COVID-19 Committee created and UEH's COVID-response plan presented to the Committee

Plan in action

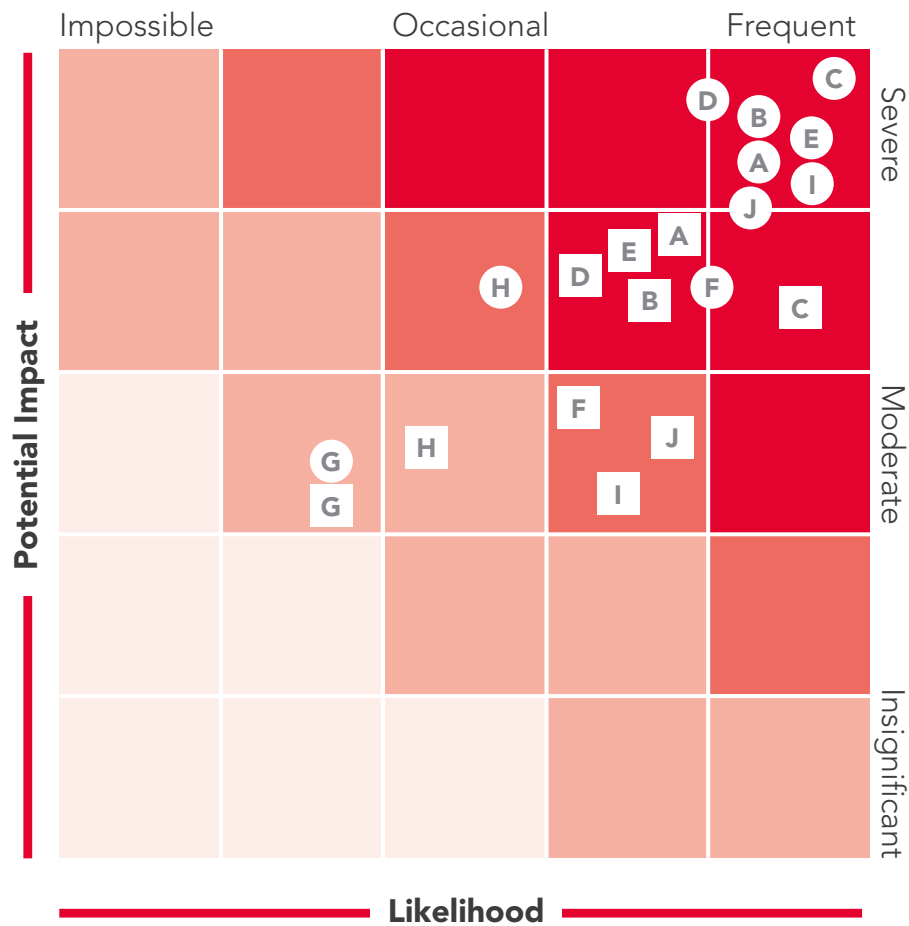
Online classes launched by lecturers

Online classes end with exams and end of the academic cycle

Office work resumes

- Hand sanitiser available
- Soap and hand-washing posters available in all bathrooms
- Hygiene guidelines sent to all staff
- Campus staff issued with facemasks and trained how to use them

HEAT MAP – OUR PRINCIPAL RISKS



Inherent risk position is marked by the circle. The square represents residual risk position.

Risk position:
○ Inherent risk
□ Residual risk

Strategic risks	
A:	Pandemics and infectious diseases
C:	Macroeconomic risk
D:	Concentration risk
E:	Business risk
I:	Natural resources risk

Operational risks	
F:	Internal business process risk
H:	Health and safety risks
J:	Staff engagement and performance risks

Financial risks	
B:	Liquidity and gearing risks

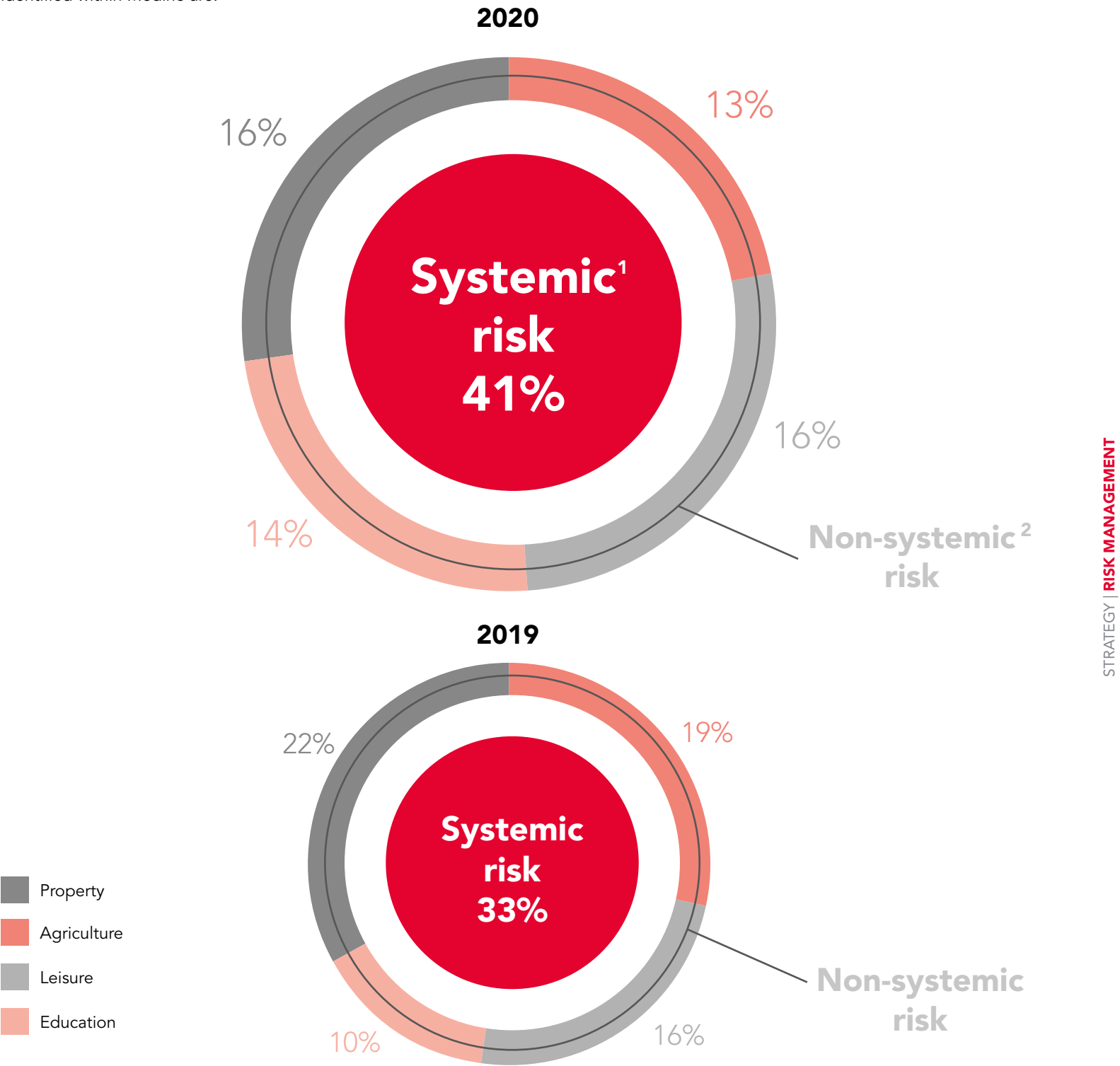
Compliance risks	
G:	Legal and regulatory risks

- Emerging risks on our watchlist:
- Pollution and environmental concerns
 - Social discontent and local conflicts
 - Climate change

- Upside of risks:
- Development and implementation of an online platform (Kasnpoz) for Concorde


KEY EMERGING STATISTICS





















































Risks identified during the risk assessment have been classified as systemic and non-systemic. Key statistics that emerged from the 97 risks identified within Medine are:



1: Risk identified and voted in more than one cluster.
2: Risk identified and voted in a specific cluster.

The principal risks of the Medine group are highlighted in the table below. These risks could materially affect the group's performance, revenue and profit. The risks within each theme are categorised as either strategic, financial, operational or compliance risks.

RISK THEME		RISK DESCRIPTION		TREND	ANALYSIS FROM LAST YEAR			
A	Pandemics and infectious diseases	<ul style="list-style-type: none">A global pandemic (e.g. COVID-19) may increase the risk of financial losses as well as the risk of potential physical harm to key members of the staffGlobal COVID-19 pandemic affecting the overall mood of the global, regional and national economy, as reflected in the stock market, consumers' perceptions of the economy, the availability of jobs and credit, purchasing power and restrictions on mobility			This is a new, emerging risk that has materialised during the year. The World Health Organisation has declared COVID-19 as a global pandemic and no vaccine has yet been developed. This pandemic has an impact on the strategies and growth of Medine.			
B	Liquidity and gearing risks	<ul style="list-style-type: none">Inappropriate level of gearing and unreasonable operational cost at group level			The lockdown of the country and COVID-19 pandemic had an adverse impact on Medine's activities by affecting our cash flows and debt.			
C	Macroeconomic risks	<ul style="list-style-type: none">External factors influencing the size of the current and potential market (e.g. decreasing influx of tourists, increase in competition from partners - airlines, hotels and cruises in terms of prices, economic and political conditions)			The closure of international borders from March 2020 onwards resulted in a sharp decline in tourist arrivals. This affected the performance of the Leisure cluster (Tamarina Hotel, Casela and Concorde).			
D	Concentration risks	<ul style="list-style-type: none">Over-reliance/high dependency on few educational institutions			Increase in risk level is the result of a foreign institution being taken over by another by group and the latter not willing to continue the venture in Mauritius.			
E	Business risks	<ul style="list-style-type: none">Obtention of permits and licenses from government authorities			Effective stakeholder management with the Economic Development Board.			
F	Internal business process risks	<ul style="list-style-type: none">Overburdened administrative procedures to obtain relevant approvals for purchases and payments			This risk is expected to reduce with the implementation of the new ERP which is currently being optimised and the implementation of centralised Shared Services for the group.			
G	Legal and regulatory risks	<ul style="list-style-type: none">Compliance with Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) laws and regulationsChanges in laws and regulations			The enactment of two new legislations, namely, AML/CFT (miscellaneous provision) Act 2020 and the Real Estate Agent Authority Act 2020 had an effect on this risk.			
H	Health and safety risks	<ul style="list-style-type: none">Exposure to acts of terrorism, vandalism, violence and illegal dealings on the west coast			Unchanged			
I	Natural resource risks	<ul style="list-style-type: none">Increased demand for water resources/decrease in water supply as a result of drought or other events			Unchanged			
J	Staff engagement and performance risks	<ul style="list-style-type: none">Clarity in the human resource strategy (e.g. reward system, training, career progression, etc.)Departure of key personnel without documented succession planning			Unchanged			
	Strategic		Financial	TREND		Increase		Unchanged
	Operational		Compliance			Decrease		New

CLUSTER CONCERNED	MITIGATING ACTION PLANS & CONTROLS	CAPITALS IMPACTED	LINK TO STRATEGY*
 All clusters	<ul style="list-style-type: none"> It is difficult to measure the precise impact of a risk of this nature. The group has provided guidance in terms of sanitary and precautionary procedures while introducing measures to preserve its financial wellbeing in the short, medium and long term Work from home protocol has been implemented together with the deployment of laptops Agriculture - Launched of an easy-to-use online platform which allows Mauritians to order fresh fruits and vegetables and have them delivered on their doorsteps Education – Online courses have been implemented Leisure – Strategies being reviewed and staff have been seconded to other business units 	  	     
 All clusters	<ul style="list-style-type: none"> Negotiating credit facilities with banks Improving and monitoring cash flow and treasury management Bond issue to restructure the group debt from short term to long term 		
 Leisure	<ul style="list-style-type: none"> Continuous monitoring of the external environment and reviewing strategies accordingly Diversifying the client database by also focusing on the local market. E.g. Casela developing event activities and Concorde launching an online platform for Mauritians 		     
 Education	<ul style="list-style-type: none"> Diversifying our portfolio of partner institutions and identification of reputable courses Managing the relationship with partners, institutions, students and other stakeholders 	  	
 Property	<ul style="list-style-type: none"> Collaborating with the Economic Development Board to support critical/urgent projects Improvement in the internal process to ensure completeness of all documents prior to submission 	 	
 All clusters	<ul style="list-style-type: none"> Review of the procurement and payment processes to reduce bottleneck Signatory matrix being reviewed and limit of approval increased Electronic payment process is currently being established and will be rolled out in due course 	   	
 All clusters	<ul style="list-style-type: none"> Compliance Officer/Money Laundering Reporting Officer has been appointed AML and CFT policy and procedures have been drafted Active participation of Medine in private sector forums such as Business Mauritius Collaboration with other promoters to identify issues in legal framework and propose solutions to the authorities 		
 Education  Property  Agriculture	<ul style="list-style-type: none"> Private security patrols on Medine's properties Medine's security team being strengthened 		
 Agriculture	<ul style="list-style-type: none"> Efficient irrigation equipment system in place Legal support ensuring that Medine's water rights are protected Secure our water supply via regular maintenance and supervision of existing canals 	  	
 All clusters	<ul style="list-style-type: none"> Performance appraisal system with performance related incentive already in place Quarterly staff meetings to communicate quarterly financial results and strategy of business units Succession planning for senior management is in place 		

* Please refer to iconography guide on page 4 for strategies and capitals

CORPORATE SOCIAL RESPONSIBILITY

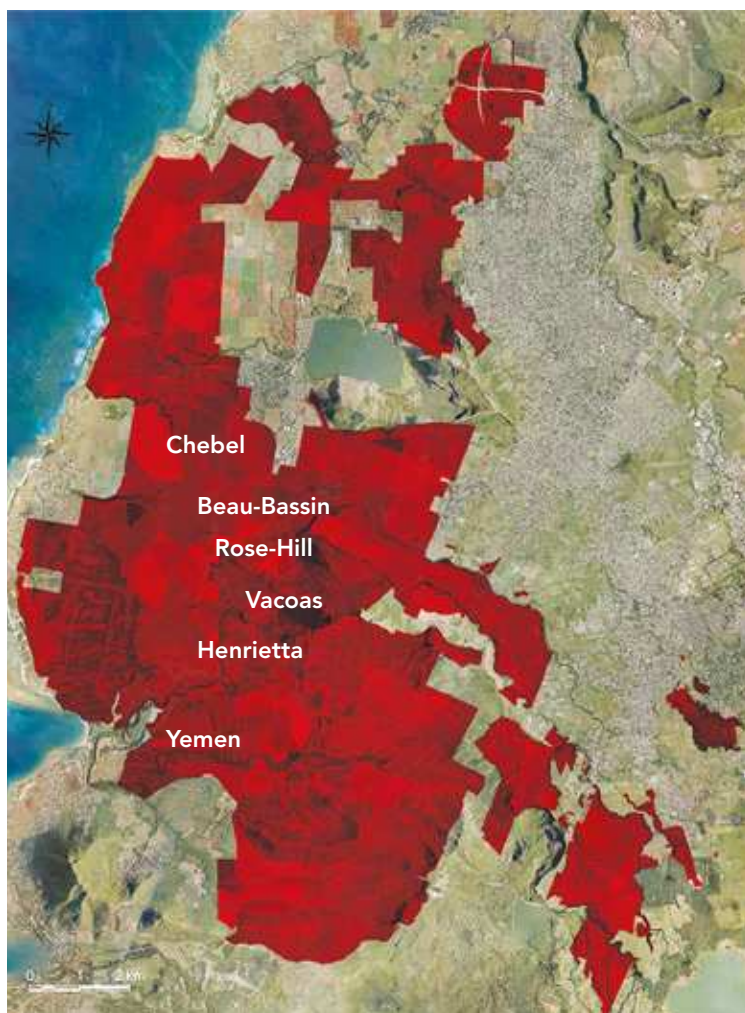
Medine strongly believes that growth must be inclusive to be sustainable. Our Corporate Social Responsibility (CSR) work is one way that we achieve this goal. Fondation Medine Horizons (FMH), established in 2006, aims to improve the quality of life of vulnerable groups living in Medine's area of operations.

Like Medine, FMH recognises the need to work alongside and in partnership with stakeholders including the national Government, other businesses and civil society associations. FMH's mission is also to improve collaboration and communication among those working in the region.

Since its inception, FMH has run or funded over 200 social projects.

FMH'S CATCHMENT AREA

FMH's catchment area extends from Chebel to Yemen, up to Henrietta and includes the suburbs of Vacoas, Beau-Bassin and Rose-Hill.

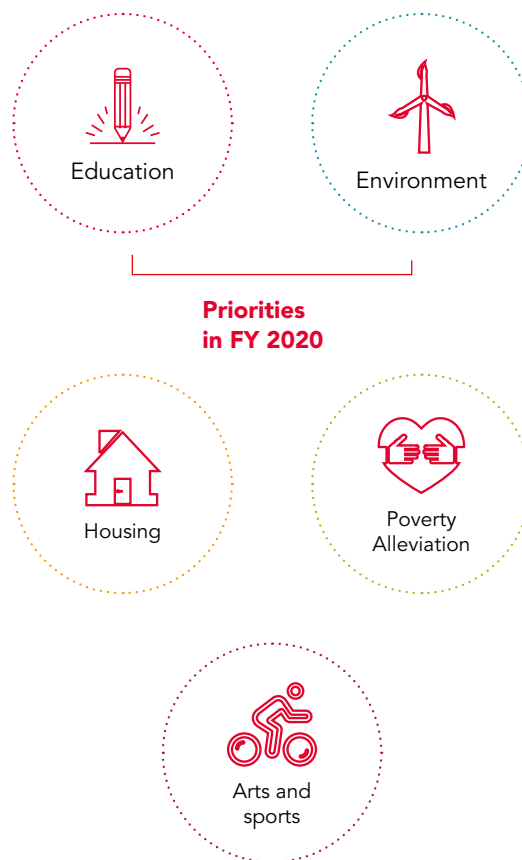


Link to
material issues

Inclusive growth
Decent work
Health and safety
Education
Environmental protection
Transparency and data protection
Sustainable urban development

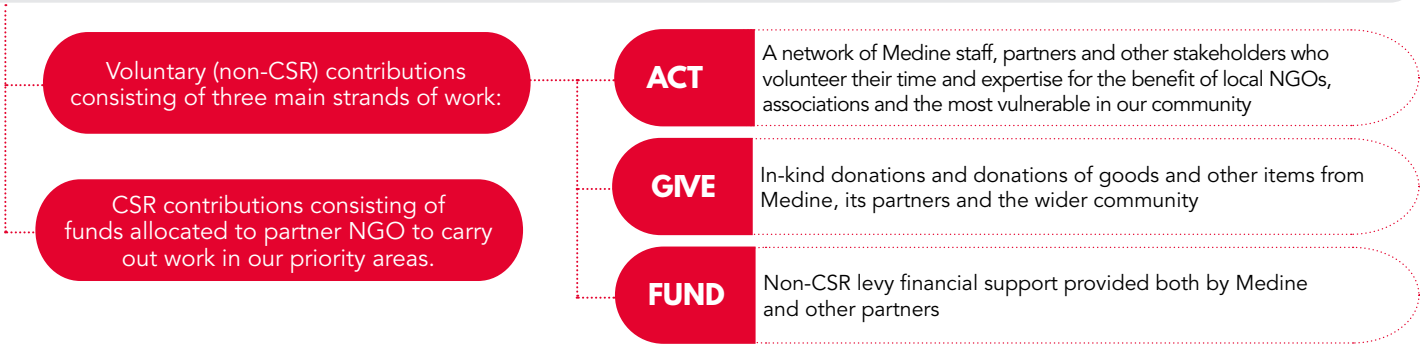
PRIORITY AREAS

FMH prioritises projects and associations in the following areas:



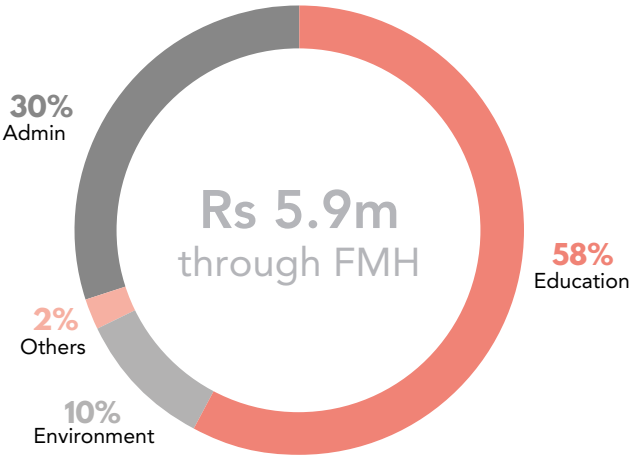
With at least 50% of corporate CSR funds having to be transferred to the Mauritius' National Social Inclusion Fund, financing for social projects has been significantly reduced. FMH has therefore actively sought to diversify its activities away from CSR funding alone.

THE FOUNDATION NOW CARRIES OUT ITS ACTIVITIES USING TWO MAIN SETS OF RESOURCES:



VOLUNTARY (NON-CSR) CONTRIBUTIONS

Value and allocation of valuntary (non-CSR levy) contributions



MAIN PROJECTS CARRIED OUT IN FY 2020

EDUCATION	ENVIRONMENT	OTHERS
<p>Medine Excellency scholarships</p> <ul style="list-style-type: none"> Renewed scholarships to the Unicity Education Hub and its prestigious partner institutions for 15 young Mauritians from disadvantaged social backgrounds. <p>Scholarships for the children of employees</p> <ul style="list-style-type: none"> Since 2013, Medine has given scholarships to academically talented children of Medine employees on lower incomes. This financial assistance covers education-related expenses. 15 scholarships were given in 2019/20, of which 10 for previous recipients and 5 were for newly enrolled children. <p>School fees</p> <ul style="list-style-type: none"> 25 Medine employees contributed to renew the school fees of 30 students attending Ecole Familial de l'Ouest. This NGO has been supported by FMH since 2008 and aims to empower young people between 14 and 18 years old. 	<p>Mega clean-up campaign</p> <ul style="list-style-type: none"> In July 2019, Medine joined forces with the Black River District Council to clean the neighbourhood of La Valette in Bambous. 38 Medine employees helped to collect over 10 tonnes of waste. <p>World Clean-up Day</p> <ul style="list-style-type: none"> On World Clean-up Day in September 2019, FMH and Medine volunteers organised for the second year a clean-up and awareness-raising event in Barkly for the second year in a row. Medine volunteers teamed up with students from Barkly Government Primary School and Marcel Cabon State Secondary School to clean up a plot of land in Barkly. Enough waste was collected to fill three trucks provided by the Municipality of BBRH. The Environmental Police Division explained the critical importance of maintaining a clean environment. Medine also donated a garbage container to the Barkly community. 	<ul style="list-style-type: none"> Medine provides land and buildings to several NGOs at a significant discount or for a token gesture: <ul style="list-style-type: none"> Local Hands occupies a building at Rue Dragon in Bambous on 215m² of land. It carries out handicraft projects enabling Mauritian craft workers to derive income from traditional techniques. General Construction Co. Ltd has set up a social centre on a 400m² plot at Avenue Folles Herbes, Bambous. Breakfast is distributed to local children every day before they attend school. Association Kinouete operates from a container situated at Palma on a 728m² plot of land, offering counselling and social reintegration services to ex-detainees (especially women). École Familiale de l'Ouest was given a lease for a 1,103m² plot of land at Eaux Bonnes, Bambous, to build a school for vulnerable children who are outside the local mainstream education system.

EDUCATION

Upgrading of Barkly Government School

- Repainting, donations of furniture and AV equipment, creation of a library room by 60+ Uniciti students in February 2020.

2nd edition of 'Dear Santa' Christmas party

- 60+ Medine volunteers organised a Christmas party for 65 children in December 2019.
- Support to NGO Centre d'Amitié in Bambous (a school that FMH supports on a yearly basis).
- Included a dance performance followed by a gift distribution.

Hilton Charity Trail

- FMH sponsored 27 employees of Medine to participate in the trail and help collect funds for Ecole Familiale de l'Ouest.
- Second edition of the Hilton Trail which has become an annual fund-raising event.

Remedial Classes

- 6 employees volunteered to help 5 students in subjects such as French, Maths and English and a special session on 'life orientation' between September and December 2019.
- Aimed at the children of Medine employees' who already benefit from the Medine Scholarship Scheme project.

ENVIRONMENT

Soil donation

- 20 tonnes of soil were donated to Flic-en-Flac Government School with the collaboration of our Landscaping department to increase the surface of the play area around the Pre-Primary section.

Circular economy project

- This project promotes a circular economy through the redistribution of in-kind donations collected from our employees and partners.
- In FY 2020, FMH received donations of garments and other items including chairs, beds and tables.
- Several families living in precarious conditions benefitted from these donations.
- Donations were made to:

- **Bambous Martial Arts & Sports Club:** 500 second-hand carpets to set up their outdoor boxing ring.

- **Families of Cité Longère, Baie du Tombeau:** The fire that occurred at Cité Longère destroyed or significantly damaged 24 houses. FMH donated 350 pieces of baby clothing to the families.

- **Families of Avenue Folleherbes and Cité La Ferme:** FMH donated 75 bags of clothes (donated by Medine staff) and food (donated by Medine) to 15 families, representing 83 people of which 56 children.

- **Extending a helping hand to Chebel community:** In January 2020, clothes, toys, school material and non-perishable food were donated to 19 underprivileged families from Chebel's Longères neighbourhood and from NHDC Chebec residences, who had been identified by Caritas Beau Bassin and l'Association de Chebec. Prior to this, in order to make a personal contribution to the event, these families cleaned the adjacent gardens and empty plots. Several tonnes of garbage were removed with the help of the Municipality of BBRH.

Our Common Home Project:

- FMH financially supported a project spearheaded by the Diocese of Port-Louis.
- Our Common Home implements climate protection measures and raises awareness of climate-related issues among children via presentations in schools across the island.

OTHERS

- **The Mauritian Wildlife Foundation** was given a mandate to manage the biodiversity of the 47,695 m² Mondrain nature reserve, situated on the crest of the Vacoas Ridge overlooking the Magenta valley in Black River.

- **Association for the Welfare of Orphans and Handicapped Children** occupies a 777m² portion of land at Eaux Bonnes, Bambous, where it runs a day care centre for handicapped children.

- **Groupe Elan** occupies two 20,852m² plots of land in Chebel. It sets up agricultural projects to help rehabilitate ex-détainees.

- **Fondation pour l'Enfance - Terre De Paix** continues to operate a special-needs school and a youth shelter at Albion.

- **Ecole de photographie** introduces children to, and trains them in, art and photography. It operates in a building that was fully renovated by Medine for that purpose.

Food security classes

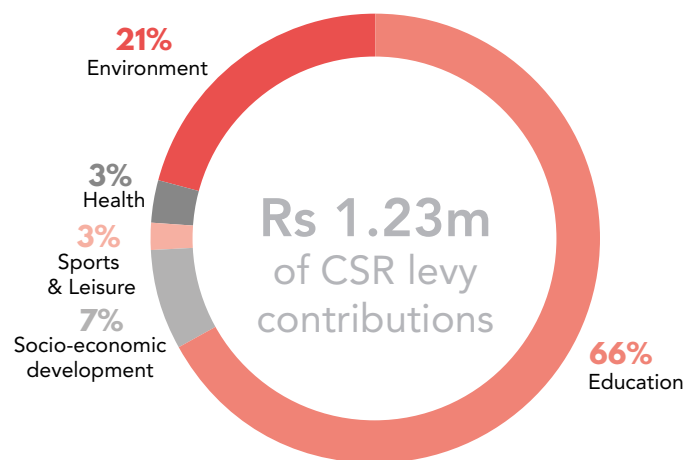
- Since May 2020, FMH has run a monthly plantlet donation and vegetable garden training project, to help families in difficulty grow their own vegetables and fruits.
- They are also taught agricultural techniques by the agronomist from Medine's Agrinnovation department.

Fun day

- In November 2019, at the start of school holidays, 70 primary school children from Avenue Folles Herbes in Bambous took part in a fun day staffed by 20 Medine volunteers.
- This included 5-a-side football, athletics, fun games and creative workshops as well as refreshments and snacks.

CSR LEVY CONTRIBUTIONS

Value and allocation of CSR levy contributions



Having paid 50% of its CSR levy to the National Social Inclusion Foundation, as stipulated in Mauritian law, FMH’s remaining CSR funds amounted **Rs 1,228,673**, contributed by **12** Medine and non-Medine companies.

CSR contributions from external contributors (non-Medine companies) were used to fund projects both within and outside of FMH’s catchment area and priority programmes.

Altogether, FMH was able to provide funding to **15 NGOs**, of which:

- 10 received financial help as per FMH recommendations and guidelines.
- 5 were selected and financed by non-Medine companies.

EDUCATION	ENVIRONMENT	SOCIO-ECONOMIC DEVELOPMENT
École Familiale de l’Ouest Centre d’Amitié Quartier de Lumière (Centre La Ruche) Action for Integral Human Development Association d’Alphabétisation de Fatima* Association Les Enfants d’un Rêve Caritas Ile Maurice – Centre d’Eveil pour les tout-petits, Saint Sauveur, Bambous Caritas Ile Maurice –Learning Centre, Barkly	The Mauritian Wildlife Foundation* Mission Verte	SAFIRE* Étoile du Berger` Lovebridge* Bambous Martial Art & Sports Haemophilia Association Mauritius (HAM)*

* projects selected and financed by non-Medine group companies.

COVID-19 SUPPORT INITIATIVES

It has been a difficult year for many members of our community. FMH has provided a wide variety of support to families affected by the economic downturn brought by Covid-19. These include:

- Rs 77,200 donated to Caritas Ile Maurice to purchase [39] food packs for families living in Chebel, Barkly and Bambous. Half of this was raised by our employees, with Medine then matching the funds.
- 10 food packs donated to families in Bambous by Uniciti Education Hub staff via the NGO Bambous Martial Arts and Sports Club.
- 1.5 tonnes of fruits and vegetables distributed by Les Jardins de Medine to various associations via FoodWise, Bambous Police Station and Caritas Ile Maurice. This provided thousands of meals to families living in Bambous, Chebel, Barkly, Albion and Beaux-Songes.
- A Concorde vehicle that was made available to collect and distribute various items, including food packs received from the National Empowerment Foundation.
- Two boxes of children's clothes and games donated by Medine employees and partners donated to La Passerelle Women Centre.
- 39 food packs (received from the National Social Inclusion Foundation (NSIF)) were distributed to Caritas, La Passerelle Women Center and Centre d'Amitié by the FMH team, for families living in Bambous, Albion and Beaux-Songes.
- 20 food packs donated by the Uniciti Education Hub institutions were distributed to Quartier de Lumière for families living in La Valette, Bambous.
- Promotion of food security via monthly training provided by Medine's agronomist and provision of young plants to members of the community.

OUTLOOK

With the COVID-19 crisis threatening an economic recession in Mauritius, CSR funds are likely to become even more limited in the short to medium term. Social instability and poverty are also already on the rise, and housing and food security are becoming increasingly important issues.

FMH will continue to develop food security-related projects across the region and is already actively working on the implementation of a social housing project with the help of other partners.

The foundation will also deepen its Act, Give and Fund strategy for voluntary (non-CSR levy) projects while building upon its existing network of volunteers, in-kind donors and funders. Our aim is to make an impact and contribute to better outcomes in the community without having to rely solely on CSR funding.

Medine will also continue to nurture its dialogue and partnerships with the Mauritian authorities and stakeholders, including those within the community, to better target, coordinate and implement projects in its catchment area. We also aim to reinforce Medine's culture of volunteering, by inviting our teams to give of their expertise, skills and/or time on at least a monthly basis.



A photograph of three people standing on a rocky mountain peak, looking out over a vast, green, hilly landscape under a blue sky with scattered clouds. The person on the left is a man in a white tank top and colorful shorts. The person in the middle is a woman with curly hair, wearing a blue shirt, yellow shorts, and an orange backpack. The person on the right is partially visible, wearing a white shirt. The text 'CORPORATE GOVERNANCE' is overlaid in large, white, sans-serif capital letters.

CORPORATE GOVERNANCE



Medine Limited ('the Company') is a public interest entity as defined by the Financial Reporting Act 2004. The Board of Directors adheres to the highest principles of good governance and ensures that these are followed and applied throughout Medine Limited and its subsidiaries (collectively 'Medine'). It recognises the importance of these principles and views their application as an opportunity to critically review the Company's structure and processes. It believes that the adoption of the highest standards of governance is imperative for the enhancement of stakeholder value.

The Company's compliance with the principles of the National Code of Corporate Governance for Mauritius (2016) is set out in this report.

PRINCIPLE 1: GOVERNANCE STRUCTURE

The Company is led by a unitary Board, whose responsibilities are, inter alia, the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems.

ROLE OF THE BOARD

The main role of the Board is to maintain a high standard of governance so as to protect and enhance shareholder value. It sets the overall strategy for Medine, oversees its executive management and ensures that good corporate governance policies and practices are developed and applied within Medine. The Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. It is responsible for leading and controlling the Company and meeting all of its legal and regulatory requirements.

ROLE OF BOARD COMMITTEES

Where necessary, the Board delegates its duties and powers to Board Committees in order to safeguard operational efficiency and ensure that specific issues are being handled with relevant expertise. The Company's Constitution provides for an Executive Committee whose terms of reference are currently under review. Two other Board committees have been established, namely the Audit & Risk Committee and the Corporate Governance Committee. Each Committee's specific duties and authorities are set out in its charter. Approved Committee charters are available on the Company's website at www.medine.com.

ROLE OF MANAGEMENT

Medine's management is responsible for the Company's day-to-day business operations and accountable for the performance of its business units.

STATEMENT OF ACCOUNTABILITIES

The Directors have approved the following statement of accountabilities:

- The Board assumes responsibility for leading and controlling the Company and meeting all of its legal and regulatory requirements. Directors are aware of their legal duties.
- The Board is accountable for the performance and affairs of the Company and for achieving sustainable growth.
- The Board is responsible for ensuring that the Company adheres to high standards of ethical behaviour and acts in the best interest of shareholders.

- The Board is responsible for reviewing and approving the results announced by the Company.

The statement of accountabilities is subject to review as and when required.

KEY ROLES AND RESPONSIBILITIES

The position statements of the Chairman, the Chief Executive Officer and the Company Secretary have been approved by the Corporate Governance Committee. Their key roles and responsibilities have been clearly defined and are summarised below. The position statements are subject to review as and when required. The functions and roles of the Chairman and Chief Executive Officer are separate to ensure a balance of power and authority on the Board.

Chairman

- Responsible for the leadership of the Board
- Ensures the Board's effectiveness
- Ensures that Directors receive accurate, timely and clear information
- Encourages active participation of all Board members in discussions and decisions
- Ensures effective communication with stakeholders

Directors

- Contribute to developing the Company's strategy
- Ensure that the financial information released to shareholders and the market is accurate
- Ensure that the Company has adequate and proper financial controls and risk management systems
- Actively participate in Board decision-making
- Provide specialist knowledge and experience to the Board
- Remain permanently bound by fiduciary duties of care and skill

Chief Executive Officer

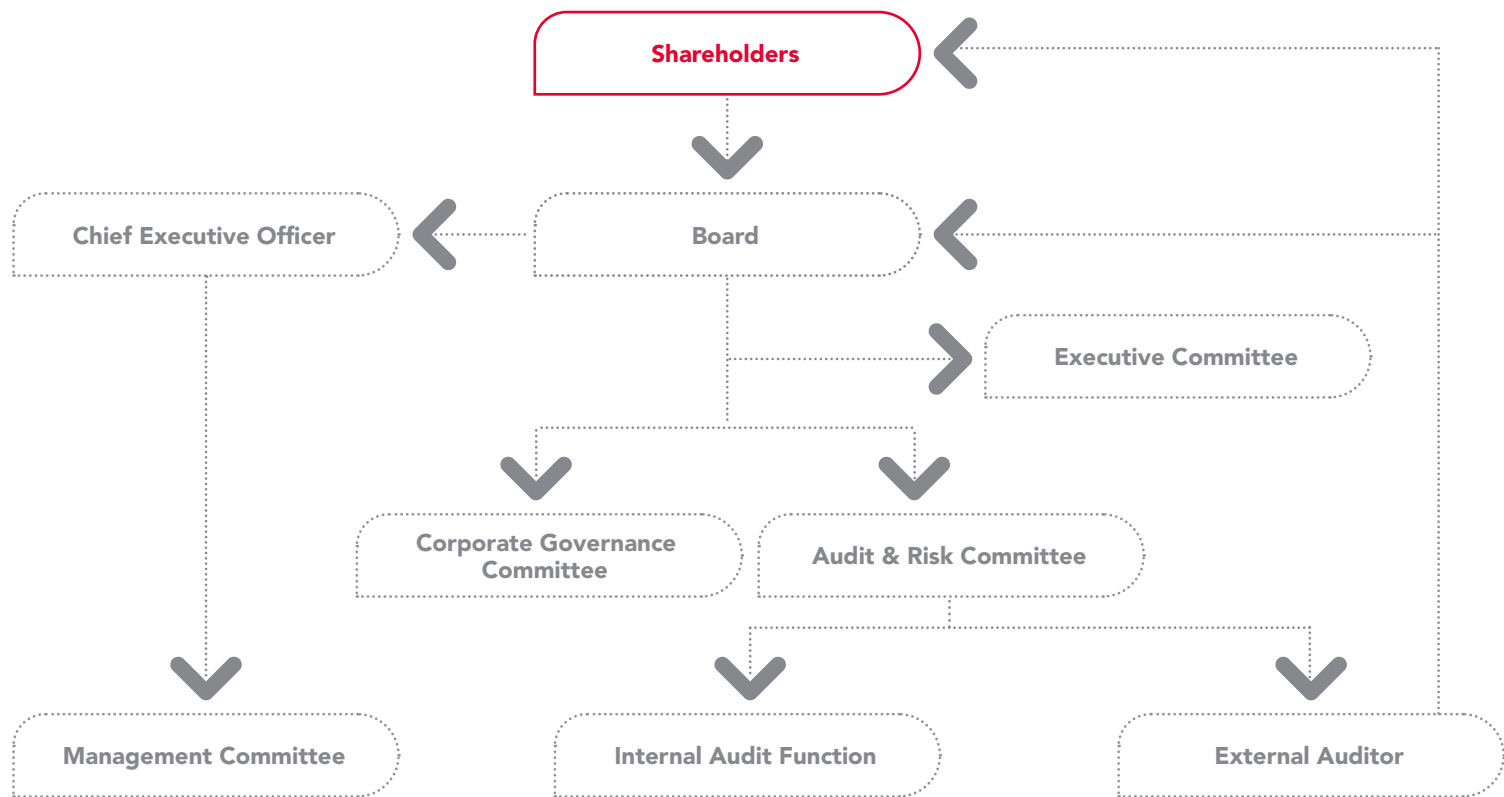
- Responsible for the day-to-day running of Medine's operations
- Develops strategies in line with Medine's long-term vision and recommends them to the Board
- Responsible for the implementation of the strategy and policies set by the Board

Company Secretary

- Ensures compliance with all relevant statutory and regulatory requirements
- Prepares and circulates the agenda for Board and Board Committees meetings, alongside any supporting documentation
- Participates in the induction of newly appointed Directors
- Provides comprehensive practical support and guidance to Directors as to their responsibilities
- Monitors governance processes

CORPORATE GOVERNANCE FRAMEWORK

Medine’s current corporate governance framework is set out below:



BOARD CHARTER

The Board has approved its Charter, a copy of which is available on www.medine.com.

The provisions contained in the Board Charter are complementary to:

- The requirements regarding the Company’s Board and Board members set out in Mauritian legislation and regulations
- The Company’s Constitution
- The provisions governing the relationship between the Company’s Board and its Board committees as set out in the Board committees’ charters, which have been adopted by the Board.

The Board Charter is subject to review as and when required.

CONSTITUTION

The Company was incorporated as a public company on 27 June 1913 under the name of The Medine Sugar Estates Company Limited. It changed its name to Medine Limited on 9 September 2009.

The Company’s Constitution is in conformity with the provisions of the Companies Act 2001 and comprises the following main clauses:

- The Company has wide-ranging objects and powers
- There are no pre-emptive rights on share transfers
- Fully paid shares are freely transferable

- The Company is authorised to purchase or otherwise acquire its own shares
- The quorum for a meeting of shareholders is three shareholders present or represented, and holding at least 51% of the ordinary shares of the Company
- The minimum number of Directors on the Board is six and the maximum number is 14
- The quorum for a meeting of the Board is five Directors
- An additional Director may be appointed by the shareholders by ordinary resolution but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Constitution
- The Board has the right to appoint any person to be a Director to fill a casual vacancy. A Director so appointed shall hold office only until the next Annual Meeting and shall then retire but still be eligible for appointment
- A Director who is interested shall not be allowed to vote on any matter relating to the transaction or proposed transaction in which he is interested and shall not be counted in the quorum present at the meeting
- In case of equality of votes at either a Board meeting or a meeting of shareholders, the chairman of the meeting has a casting vote.

A copy of the Company’s Constitution is available on www.medine.com or upon written request to the Company Secretary at the Company’s registered office: 4 Unicity Office Park, Rivière Noire Road, Bambous 90203, Mauritius.

CODE OF ETHICS

The Board has recently approved a new Code of Ethics, as recommended by the Corporate Governance Committee. Medine reaffirms its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business.

The Code of Ethics lists and details the standards of behaviour that have made Medine’s reputation. They are the standards that all Directors and employees are expected to uphold in conducting the Company’s business. They go beyond the requirements of law. The Code has been actively endorsed by the Board of Directors and shared with all Medine employees.

It is mandatory for employees to comply with the Code’s moral, ethical and legal standards. Should employees become aware of or suspect a contravention of the Code, they are encouraged to promptly and confidentially report it as prescribed by the Code. The Code of Ethics is subject to review as and when required. It is available on www.medine.com.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND OF ITS COMMITTEES

THE BOARD

Board composition

The Company’s Constitution provides that the Board should consist of a minimum of six and a maximum of 14 Directors.

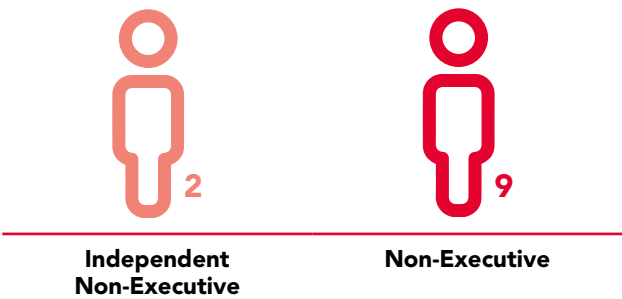
As at 30 June 2020, the Board consisted of 11 Directors with complementary skills, expertise and experience, namely in agriculture, property and business project development, corporate governance, marketing, banking, law, finance and strategy.

All Directors ordinarily reside in Mauritius. None of them has been an employee of Medine in the past three years.

The names and profiles of the Board members are set out on pages 18 to 24 of this report and are available on www.medine.com.

The Company has no Executive Director given that the former Chief Executive Officer, who was an Executive Director, resigned on 30 March 2020. Due to the COVID-19 pandemic and the resulting lockdown in Mauritius, the Board decided that the Executive Committee, consisting of the Chairman, the Vice-Chairman and the Chief Operating Officer, was most appropriate to oversee the group in the interim period. The Board is monitoring the efficiency of this arrangement.

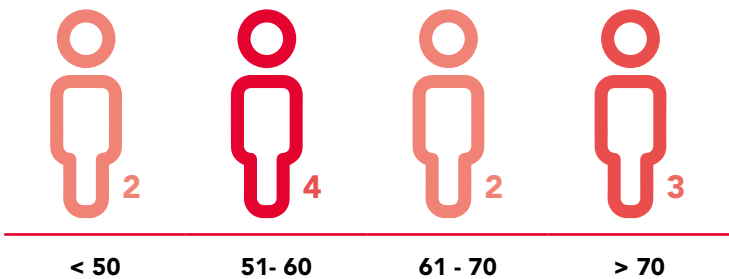
Balance



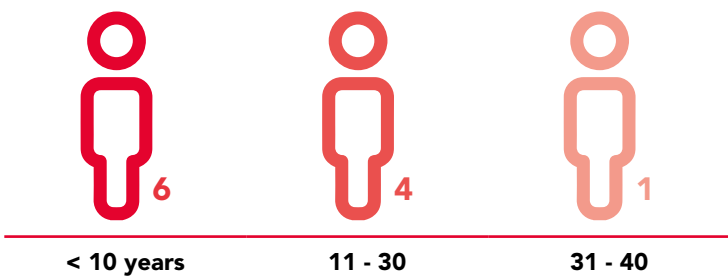
Gender diversity



Age profile



Length of tenure



Change in Directors

Mr Thierry Sauzier resigned as Executive Director of the Company on 30 March 2020.

Board meetings

The Board meets regularly, at least at quarterly intervals, and holds additional meetings as and when it deems appropriate. Meetings are scheduled annually in advance according to an annual Board calendar.

Eight Board meetings were held during the year under review. The Directors reviewed and adopted the Company's and the group's audited financial statements, approved the Company's and the group's budget and unaudited quarterly results, as well as the declaration of an interim dividend, reviewed management reports pertaining to Medine's different business units and approved Medine's restructuring plan, inter alia.

The agenda of each Board meeting is prepared by the Company Secretary and circulated to the Chairman and the Chief Executive for their comments and approval. Once finalised, the agenda and accompanying Board papers are sent to all Directors at least one week prior to the meeting, to allow them to participate fully in the Board meeting.

Minutes of Board meetings are prepared by the Company Secretary with details of decisions reached, any concerns raised, and dissenting views expressed. Draft minutes are shared with the Chairman, Chief Executive and Chief Operating Officer for review before being circulated to the Directors at least one week prior to the following meeting. Once approved by the Board, minutes are signed by the Chairman of the meeting.

Attendance at Board meetings

The list of Directors who held office and their attendance at Board meetings during the financial year ended 30 June 2020 is set out below:

DIRECTORS	TYPE OF DIRECTORSHIP	ATTENDANCE AT MEETINGS
René Leclézio (Chairman)	Non-Executive	8/8
Marie Thérèse Doger de Spéville	Non-Executive	8/8
Thomas Doger de Spéville	Non-Executive	8/8
Gilbert Gnany	Non-Executive	4/8
Lajpati Gujadhur	Non-Executive	7/8
Ramapatee Gujadhur	Non-Executive	7/8
Marc Lagesse	Independent Non-Executive	7/8
Jacques Tin Miow Li Wan Po, G.O.S.K. (Vice Chairman)	Non-Executive	7/8
Jocelyne Martin	Non-Executive	8/8
Shakil Moollan	Independent Non-Executive	8/8
Marc de Ravel de L'Argentièrre	Non-Executive	8/8
Thierry Sauzier (up to 30 March 2020)	Executive	5/6

Where Board meetings could not be held, the Directors approved matters by way of written resolutions circulated to them alongside supporting documentation.

BOARD COMMITTEES

To assist the Board in discharging its duties, the following Board committees were established. Each Committee's charter clearly defines its terms of reference, composition and functionality. These charters have been approved by the Board.

Executive Committee

The Company's Constitution provides for an Executive Committee whose main role is to review the operational and financial performance of Medine's different businesses. Hence, it is not a decision-making committee. Its terms of reference are currently under review and will be made available on Medine's website once they are finalised.

The Committee is currently composed of the Chairman, Mr René Leclézio, the Vice Chairman, Mr Jacques Tin Miow Li Wan Po, G.O.S.K. and the Chief Operating Officer, Mr Dhiren Ponnusamy. The Committee is chaired by Mr Leclézio as provided by the Company's Constitution and generally meets at least once a month or as necessary.

The Company Secretary acts as secretary of this Committee. Minutes are taken for each meeting.

The Committee met 10 times during the year under review. The attendance of the members at meetings is given below:

MEMBERS	ATTENDANCE AT MEETINGS
René Leclézio (Chairman)	10/10
Jacques Tin Miow Li Wan Po, G.O.S.K. (Vice-Chairman)	10/10
Dhiren Ponnusamy (Chief Operating Officer)	10/10
Thierry Sauzier (Chief Executive Officer up to 30 March 2020)	2/2

Audit & Risk Committee

The Audit & Risk Committee is composed of four members whose attendance at meetings is given below:

MEMBERS	TYPE OF DIRECTORSHIP	ATTENDANCE AT MEETINGS
Jacques Tin Miow Li Wan Po, G.O.S.K. (<i>Chairman</i>)	Non-Executive Director	7/8
Jocelyne Martin	Non-Executive Director	8/8
Shakil Moollan	Independent Non-Executive Director	7/8
Marc de Ravel de L'Argentièrre	Non-Executive Director	8/8

The committee met eight times during the year under review, satisfactorily fulfilling its role as defined by its terms of reference, namely:

- Reviewing the financial reporting process, in particular the accuracy, reliability, integrity and compliance with legal and regulatory requirements of the Company's interim and annual financial statements
- Reviewing the adequacy and effectiveness of its risk management and internal control systems
- Assessing and recommending the appointment of internal and external auditors
- Meeting with the external auditor at least once a year without management being present
- Reviewing the annual financial statements before their submission to the Board and discussing the results of the external audit process with the external auditor.

The Chairman of the Audit & Risk Committee is no longer an Independent Director since he has served on the Board for more than nine consecutive years from the date of his initial election. However, the Board believes that he has the requisite skills and experience to chair the Audit & Risk Committee and that he continues to amply demonstrate independence of thought and action in this role.

Corporate Governance Committee

As at 30 June 2020, the Corporate Governance Committee was composed of four members whose attendance at meetings is given below:

MEMBERS	TYPE OF DIRECTORSHIP	ATTENDANCE AT MEETINGS
Marc Lagesse (<i>Chairman</i>)	Independent Non-Executive Director	2/2
Thomas Doger de Spéville (<i>as from 23 September 2019</i>)	Non-Executive Director	1/2
René Leclézio	Non-Executive Director	2/2
Jocelyne Martin	Non-Executive Director	2/2
Thierry Sauzier (<i>up to 30 March 2020</i>)	Executive Director	2/2

The Committee met twice during the year under review and, in accordance with its formal terms of reference, acted in its capacity as:

- The Nomination Committee, with responsibility for making recommendations to the Board regarding the appointment of Directors and the composition, size and structure of the Board, and for ensuring that there is a clearly defined and transparent procedure through which shareholders can recommend potential candidates
- The Remuneration Committee, with responsibility for making recommendations to the Board on remuneration issues for Executive Directors and the Company's general policy on Executive and senior management remuneration and packages
- The Committee responsible for driving the implementation of the National Code of Corporate Governance for Mauritius at Medine and ensuring compliance with the Code's disclosure and reporting requirements.

The Company Secretary acts as secretary of the Corporate Governance Committee and the Audit & Risk Committee. Minutes are taken for each meeting.

All Board committees operate with transparency and disclose their discussions in full to the wider Board of Directors.

Each of the Committees' charters is reviewed as and when necessary. All approved charters are available on www.medine.com.

In addition to these Board Committees, a Management Committee with defined terms of reference was created in 2018.

Management Committee

The Management Committee currently consists of the Chief Operating Officer and the Managing Director of each Medine business unit. The Committee is chaired by the Chief Operating Officer and generally meets on a weekly basis. The Committee may have regular invitees at the Chairman's request, but these invitees have no voting rights nor do they contribute towards the Committee's quorum.

The Committee is responsible for:

- Dealing with the day-to-day activities of Medine's business
- Developing and implementing business plans, policies, procedures and budgets that have been recommended and approved by the Board
- Monitoring Medine's operating and financial performance
- Prioritising and allocating investment and resources, managing and developing talent
- Managing Medine's risk profile.

The Committee implements the policies and strategy adopted by the Board and deals with all operational matters affecting Medine. Of its own volition or at the Board's request, it promptly gives or makes available to the Board such information, reports and other documents as enable the Board to carry out its duties.

ORGANISATIONAL STRUCTURE

Medine's organisational structure, including the Company's key senior positions and their respective reporting lines, can be found on page 10 of this report.

The Organisational Structure has recently been revised and approved by the Board. It is subject to review as and when required.

DIRECTORS' PROFILES

Please see pages 20 to 24 for the profiles of Medine's Directors.

SENIOR MANAGEMENT PROFILES

Please see pages 26 and 27 for the profiles of Medine's senior management.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

BOARD EFFECTIVENESS

Succession planning

The Board of Directors assumes responsibility for succession planning and for the appointment of new Directors to the Board. The nomination process of new Directors has been delegated to the Corporate Governance Committee in its capacity as Nomination Committee.

A succession plan for senior management positions is currently in place.

Nomination process

The nomination of any Director is reviewed and discussed by the Corporate Governance Committee, taking into account the candidate's skills, qualifications and experience. The Committee then recommends to the Board that the nomination be put before the annual or special meeting of the shareholders for approval.

Board induction and training

An induction pack is immediately sent to newly appointed Directors upon their appointment. The pack contains their letter of appointment, a copy of Medine's latest integrated report, minutes of recent Board meetings, a schedule of dates for future Board meetings, Medine's organisational structure, and other documents pertaining to their role, legal duties and responsibilities, namely the Constitution, Board Charter, Code of Ethics, Code of Corporate Governance and salient features of the Listing Rules, Companies Act and Securities Act. The Director then meets the Chief Executive and senior management to be briefed on the operations and businesses of Medine.

A newly appointed Director is required to notify the Company Secretary of their interests and those of their associates in the Company's securities. These are entered onto the Register of Interests and the relevant authorities are notified.

Newly appointed Directors are encouraged to register as members of the Mauritius Institute of Directors and to follow training courses to develop and refresh their knowledge and skills, the fees for which are borne by the Company.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

DIRECTORS' DUTIES

Legal duties

The Directors are made aware of their legal duties upon their appointment through the induction pack provided to them, the contents of which are outlined above.

Directors' and Officers' liability insurance

The Directors and Officers of Medine benefit from an indemnity insurance cover contracted by the Company.

Conflicts of interest

Directors do their best to avoid conflicts of interest. Should any conflict or potential conflict occur, it is the duty of the Director to make a full and timely disclosure to the Board. Any declaration of interest is entered into the Register of Interests.

However, the Constitution of the Company stipulates that a Director who is interested should not be allowed to vote on any matter relating to the transaction or proposed transaction in which he or she is interested and would not be counted in the quorum present at the Board meeting.

Contracts of significance

During the year under review, there was no contract of significance to which the Company was a party and in which a Director of the Company was interested, either directly or indirectly.

Related party transactions

A Conflicts of Interest & Related Party Transactions Policy has been approved by the Board, as recommended by the Corporate Governance Committee. The aim of that policy is to outline procedures for addressing issues arising in these areas. The policy is available on www.medine.com.

Details on related-party transactions are provided in note 45 of the financial statements.

Information, information technology and information security governance

Information Technology Security Policy

An Information Technology Security Policy is in place at Medine. It includes appropriate organisational and technical precautions for access control, access rights, virus protection and data protection. The effectiveness of these measures is continuously monitored and reviewed by the internal auditor and the external auditor. The Information Technology Security Policy was reviewed during the financial year and is pending reissue. The policy will be posted on www.medine.com once finalised.

Privacy Policy

The Data Protection Act 2017 (DPA) that came into effect in January 2018 has brought about a major change in the Mauritius' legal landscape, largely following the General Data Protection Regulation (GDPR) enforced by the European Union as from May 2018. The Board is committed to complying with all relevant laws in respect of personal data, including the GDPR and the DPA, to protect the

rights and freedoms of individuals whose information is collected and processed by the Company in the course of its activities. The Board has approved a Privacy Charter and an External Privacy Policy that are both available on www.medine.com. A Data Protection Officer has also been appointed. His responsibilities include monitoring the implementation of the compliance framework to protect personal data. The Privacy Policy is subject to review as and when required.

Directors' service contracts

Directors have no service contracts with the Company.

Directors' dealings in securities

With regard to Directors' dealings in the securities of the Company, the Directors confirm that they have followed the principles of the Model Code for Securities Transactions by Directors, as detailed in Appendix 6 of the Listing Rules issued by the Stock Exchange of Mauritius Ltd.

The Company Secretary maintains a Register of Interests that is updated with any dealing in securities or any transaction entered into by Directors and their associates. These are required to take place outside the close periods of which they are informed by the Company Secretary. The Register of Interests is available for consultation by shareholders upon written request to the Company Secretary.

Directors' share interests

The Directors' direct and indirect interests in the shares of the Company as at 30 June 2020 were as follows:

DIRECTORS	ORDINARY		
	DIRECT	INDIRECT	
	NUMBER	%	%
René Leclézio	2,985	-	1.02
Marie Thérèse Doger de Spéville	20,957	0.02	12.83
Thomas Doger de Spéville	21,265	0.02	-
Gilbert Gnany	42,122	0.04	-
Lajpati Gujadhur	373,407	0.36	-
Ramapatee Gujadhur	1,585,962	1.51	-
Marc Lagesse	190,000	0.18	-
Jacques Tin Miow Li Wan Po, G.O.S.K.	669	-	0.40
Jocelyne Martin	6,100	0.01	-
Shakil Moollan	15,360	0.01	-
Marc de Ravel de L'Argentièrre	462,032	0.44	-

During the year under review, share dealings by Directors were as follows:

DIRECTORS	NUMBER OF SHARES ACQUIRED	
	DIRECTLY	INDIRECTLY
René Leclézio	-	48,886
Marie Thérèse Doger de Spéville	12,848	38,200
Thomas Doger de Spéville	5,000	-
Jacques Tin Miow Li Wan Po, G.O.S.K.	-	8,107
Shakil Moollan	9,700	-

Senior officers' share interests

Senior officers' direct and indirect interests in the shares of the Company as at 30 June 2020 were as follows:

SENIOR OFFICERS	ORDINARY		
	NUMBER	%	%
Javesh Boodnah	3,500	-	-
Patricia Goder	598	-	-
Dhiren Ponnusamy	5,000	-	-

During the year under review, share dealings by senior officers were as follows:

SENIOR OFFICERS	NUMBER OF SHARES ACQUIRED DIRECTLY
Javesh Boodnah	3,500
Patricia Goder	498

DIRECTORS' REMUNERATION AND BENEFITS

Statement of remuneration philosophy

The members of the Corporate Governance Committee, in its capacity as the Remuneration Committee, have been entrusted with determining and recommending to the Board, for its approval, the level of Non-Executive Directors' fees. They have also been entrusted with establishing and recommending a general policy on Executive and senior management remuneration.

Medine's underlying philosophy is to set remuneration at an appropriate level to attract, retain and motivate high-calibre personnel. Medine also seeks to reward them in accordance with their individual and collective contributions towards achieving the Company's objectives and driving performance while considering current market conditions and the Company's financial position.

The remuneration policy for Executive Directors approaching retirement is determined by the Corporate Governance Committee on a case-by-case basis.

The Corporate Governance Committee, in its capacity as Remuneration Committee, reviewed both the Directors' fees and benefits. It made recommendations to the Board for an increase in Directors' fees and for a fixed fee rather than an attendance fee for Committee members' fees. These recommendations have been approved by the Board and the Company's shareholders. Consequently, as from January 2020, non-Executive Directors are entitled to an annual fixed fee payable on

a monthly basis. Directors who also serve on Board Committees are likewise entitled to an annual fixed fee payable on a monthly basis. In addition, Board members may also be entitled to non-material preferential tariffs in some of Medine's business activities.

Any revision in fees is submitted to the shareholders for approval at the annual meeting of shareholders.

Non-Executive Directors have not received remuneration in the form of share options or bonuses directly associated with the company's performance.

Fees to which Directors and Board Committee members are currently entitled are as follows:

ANNUAL FIXED FEES Rs	
BOARD	
Chairman	1,000,000
Vice-Chairman	600,000
Director	350,000
CORPORATE GOVERNANCE COMMITTEE	
Chairman	100,000
Member	60,000
AUDIT & RISK COMMITTEE	
Chairman	180,000
Member	120,000

In addition to the fees paid to the Chairman in 2018/19, the Company paid an annual fee of Rs 2,484,000 to Promotion and Development Ltd for the services and time spent by the Chairman, who is the latter Company's Managing Director. A fee of Rs 1,242,000 was paid to Promotion and Development Ltd for the financial year 2019/20. This has since been discontinued as part of the overall review of Directors' fees and benefits.

The remuneration of the Directors for the year under review is set out below:

	2019/20 Rs	2018/19 Rs
EXECUTIVE DIRECTOR		
Thierry Sauzier (up to 30 March 2020)	16,068,936	15,081,886
NON - EXECUTIVE DIRECTORS		
René Leclézio	670,000	260,000
Marie Thérèse Doger de Spéville	265,000	-
Pierre Doger de Spéville (up to 12 June 2019)	-	200,000
Thomas Doger de Spéville	292,500	180,000
Gilbert Gnany	265,000	105,000
Lajpati Gujadhur	262,500	180,000
Ramapatee Gujadhur	265,000	180,000
Marc Lagesse	342,500	210,000
Jacques Tin Miow Li Wan Po, G.O.S.K (Vice-Chairman)	587,540	500,000
Jocelyne Martin	450,000	305,000
Shakil Moollan	385,000	270,000
Marc de Ravel de L'Argentièrre	397,500	285,000
	4,182,540	2,675,000

REMUNERATION AND BENEFITS PAID BY SUBSIDIARY COMPANIES TO:	2019/20 Rs	2018/19 Rs
Executive Director of the Company	-	5,000
Non-Executive Directors of the Company	210,850	320,000
	210,850	325,000

PERFORMANCE

Board and Directors' evaluation

An external independent consultant has been appointed by the Board, as recommended by the Corporate Governance Committee, to conduct an evaluation of the Board and Directors' performance. This exercise was delayed due to the COVID-19 pandemic and the Mauritian lockdown but is currently in progress.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROLS

Please see pages 68 to 77 for Medine's Risk Management report.

WHISTLEBLOWING POLICY

The Board has approved a whistleblowing policy applicable to all of Medine's subsidiaries, employees and Directors, and which is available on www.medine.com. This policy aims to provide a means for issues to be raised in good faith, concerning potential breaches of laws, rules, regulations or compliance. The whistleblowing mechanism is intended to encourage responsible behaviour that upholds Medine's reputation.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors are responsible for preparing Medine's annual report and consider that this report and the financial statements are fair, balanced, understandable and provide relevant information allowing shareholders and other stakeholders to assess Medine's position, performance and outlook.

The Statement of Directors' Responsibilities is available on page 100.

CHARITABLE AND POLITICAL DONATIONS

Medine generally channels its CSR initiatives through Fondation Medine Horizons. In compliance with the CSR Fund provision introduced by the Finance Act 2016, Medine remits part of its CSR levy to the Mauritius Revenue Authority, with the remainder remitted to Fondation Medine Horizons. During the year under review, Medine made a number of charitable contributions and additional contributions through Fondation Medine Horizons to support various social initiatives, as described in the CSR chapter of this report on page 78. Several political contributions were made during the year in line with Medine's apolitical position.

	GROUP		COMPANY	
	2019/20 Rs M	2018/19 Rs M	2019/20 Rs M	2018/19 Rs M
DONATIONS MADE DURING THE YEAR:				
Political	4.5	0.5	4.5	0.5
CSR - voluntary	2.4	3.0	2.4	3.0
Other donations	0.3	0.4	0.1	0.4

ENVIRONMENTAL POLICY AND INITIATIVES

Environmental awareness is of key importance to Medine.

Medine's businesses contribute to the national economy and are inextricably linked to the environment. Preserving the environment and promoting good environmental practices is essential to our long-term success. Medine owns 10,000 hectares of land in Mauritius, and recognises its responsibility to develop that land and its activities inclusively and sustainably.

Investing in green design. Globally, cities account for up to 80% of energy consumption and 75% of waste and carbon emissions. Due to their concentration of people, infrastructure, housing and economic activities, cities are also particularly vulnerable to climate change and natural disasters. The increased and often unplanned urbanisation we are witnessing worldwide has led to increased pressure on the environment and to social exclusion. Medine therefore developed a Master Plan in 2005 to promote sound urban planning.

Protecting biodiverse ecosystems. The report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) paints an alarming and sobering picture of the state of the world's biodiversity and ecosystems. According to IPBES Chair, Sir Robert Watson, "the health of ecosystems on which we and all other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide."

In addition, illegal trading of animals and poaching continue nearly unabated, leaving many wildlife species in increasing danger. In order to help protect this fragile biodiversity, Medine is engaged in a number of initiatives as explained in the CSR chapter of this report on page 78.

GENERAL POLICY ON HEALTH AND SAFETY AT WORK

Medine's management monitors the enforcement of health and safety guidelines by:

- Promoting a health and safety culture within Medine
- Providing employees with adequate training and equipment, so as to ensure safe work practices
- Providing necessary resources to prevent employees from having to take any unnecessary risks
- Undertaking corrective and preventative actions when unhealthy or unsafe working conditions are identified.

Employees are required to adhere to established safety practices. Medine undertakes to comply with all the health and safety principles, as set out in the Occupational Safety and Health Act 2005, so far as they are reasonably practical to comply with.

PRINCIPLE 7: AUDIT

EXTERNAL AUDITOR

The Audit & Risk Committee is responsible for making a recommendation on the appointment, reappointment and removal of the external auditor.

The Committee plays a key role in evaluating the effectiveness and independence of the external auditor. Any instruction to the external auditor to provide non-audit services is closely reviewed and approved by the Board, on the recommendation of the Audit & Risk Committee, thus ensuring the auditor's independence.

The Finance Act 2016 stipulates that listed companies must rotate their auditor every seven years, while subsequent regulation (the Government Notice No. 64 of 2017) allowed current auditors to remain in post for the financial year ended 30 June 2019. Consequently, the Company rotated its external auditor, BDO & Co, as of the financial year ended 30 June 2020, since it has served as its auditor for more than seven years.

Following a tendering exercise and as recommended by the Audit & Risk Committee, Ernst and Young was appointed external auditor of the Company and its subsidiaries as of the financial year ended 30 June 2020. The effectiveness of the external audit process will be assessed next year.

AUDITOR'S REMUNERATION

	GROUP		COMPANY	
	2019/20 Rs	2018/19 Rs	2019/20 Rs	2018/19 Rs
AUDIT FEES PAID TO:				
BDO & Co.	-	3,715,000	-	1,135,000
Ernst & Young	4,965,000	-	1,350,000	-
Other firms	-	-	-	-
FEES PAID FOR OTHER SERVICES PROVIDED BY:				
BDO & Co.	1,968,875	-	415,125	-
Ernst & Young	230,000	1,928,000	-	1,059,000
Other non-audit BDO entities	631,100	567,300	148,000	129,150

BDO & Co. was the external auditor of the group during the financial year 30 June 2019. Ernst & Young, which served as the group's internal auditor up to 30 June 2019, was appointed external auditor of the group as of the financial year ended 30 June 2020.

Fees paid to Ernst & Young in respect of other services provided during financial year ended 30 June 2020 relate to tax consultancy services.

INTERNAL AUDIT

The internal audit section is available on page 68.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS, NOTEHOLDERS AND OTHER KEY STAKEHOLDERS

The Board recognises the importance of communication with shareholders, noteholders and other key stakeholders.

COMMUNICATION WITH SHAREHOLDERS

Shareholders are kept informed, through press communiqués, of all material events affecting the Company, especially if an event could have an effect on the share price.

During the year under review, the group's quarterly results, half-yearly results and audited financial statements were submitted to the Stock Exchange of Mauritius Ltd and the Financial Services Commission immediately after being approved by the Directors and were published accordingly.

Shareholders are encouraged to attend all shareholders' meetings, both annual or special, in order to remain informed of Medine's strategy and objectives.

The notice of the annual meeting of shareholders and a proxy form are sent to each shareholder of the Company and the notice of the meeting is published in two daily newspapers at least 21 days before the meeting takes place. Medine's integrated report is available on www.medine.com and printed reports are available upon request.

At a shareholders' meeting, the shareholders are given the opportunity to ask questions. The Chairman and the Chief Executive Officer are normally available to answer them. All Directors, including the Chairmen of both Board committees, are expected to attend the annual meeting. The Chief Financial Officer and the external auditor are also present to assist the Directors in addressing queries by shareholders.

Shareholders' queries that are received by telephone, letter or email, are properly attended to by the Company Secretary and by the Registrar and Transfer Agent of the Company.

Any matter in relation to any off-market transfer of shares, change of name or address and loss of share certificates or dividend cheques should be addressed to the Registrar and Transfer Agent as follows:

MCB Registry & Securities Ltd

2nd Floor, MCB Centre,

Sir William Newton Street,

Port Louis

Tel. 202 5640

Email address: mcbbs.backoffice@mcbcm.mu

In addition, any request for copies of quarterly accounts or integrated reports, and of the statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, should be addressed to the Company Secretary as follows:

4 Unicity Office Park,

Rivière Noire Road,

Bambous 90203

Tel. 401 6101

Email address: corporate@medine.com

COMMUNICATION WITH NOTEHOLDERS

Due to the combined effect of the COVID-19 pandemic and the lockdown in Mauritius between March and June 2020, the cash flow of the Company was temporarily impacted. The Company sought to leverage some of the support mechanisms implemented by the authorities and decided that it would be prudent to defer the interest payment due in June 2020 pursuant to the listing particulars dated 23 April 2019 to December 2020. Accordingly, the Company published press communiqués to keep noteholders and the investing public informed of the situation. It sought and obtained the approval of the relevant regulatory authority and of the noteholders for a deferment of the interest payment due on 26 June 2020 to 26 December 2020. The listing particulars were amended accordingly. The Company has given its written undertaking to pay the June interest in December 2020 to those noteholders who were entitled to it.

ANALYSTS' MEETINGS

Medine held two analysts' meetings during the financial year. Analysts and institutional investors were presented with a summary of Medine's financial performance and the transformation on which it has embarked. Regular events will be organised to keep analysts and institutional investors informed of Medine's financial performance and strategy.

SHAREHOLDING PROFILE

As at 30 June 2020, the stated capital of the Company amounted to Rs 1,050,000,000, made up of 105,000,000 Ordinary Shares.

The Ordinary Shares of the Company have been listed on the Development & Enterprise Market (DEM) since 2006. On 09 May 2019, the Board decided to migrate the Company from the DEM to the Official Market of the SEM. In accordance with DEM and SEM rules, this migration required Medine to cancel its listing admission on the DEM and apply to list the Company's Ordinary Shares on the Official Market of the SEM. The shareholders of the Company approved this migration by special resolution on 25 June 2019.

The cancellation of the Company's admission on the DEM and the listing of the Company's shares on the Official Market were subsequently approved by Listing Executive Committee of the SEM.

The last day of trading of the Company's shares on the DEM was 26 July 2019 and the cancellation of the admission on the DEM took place on 31 July 2019. On 01 August 2019, the shares of the Company were admitted onto the Official Market of the SEM.

On the first day of trading on the Official Market, 1,000 Ordinary Shares of the Company were made available for trading at an indicative price equivalent to the closing price on the last day of trading on the DEM.

There is no ultimate holding company in the capital structure but PAD (i.e. Promotion and Development Ltd and its 100% subsidiary, Commercial Holding Ltd) is the largest shareholder of the Company, holding 35.1% of its share capital.

COMMON DIRECTORS

Mr René Leclézio, Mr Gilbert Gnany and Mrs Jocelyne Martin are Directors of Promotion and Development Ltd, and Mr Leclézio is also a Director of Commercial Holding Ltd.

SHARE OWNERSHIP ANALYSIS

The Company's share ownership spread, shareholder category profile and substantial shareholders as at 30 June 2020 were as follows:

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% HOLDING
1 - 500 shares	1,224	184,760	0.18
501 - 1,000 shares	313	241,585	0.23
1,001 - 5,000 shares	773	1,996,597	1.90
5,001 - 10,000 shares	291	2,080,552	1.98
10,001 - 50,000 shares	423	9,083,455	8.65
50,001 - 100,000 shares	67	4,486,936	4.27
100,001 - 250,000 shares	52	7,603,561	7.24
250,001 - 500,000 shares	15	5,477,095	5.22
Above 500,000 shares	26	73,845,459	70.33
Total	3,184	105,000,000	100.00

CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% HOLDING
Individuals	2,774	42,935,961	40.89
Insurance and assurance companies	10	2,214,047	2.11
Investment and trust companies	56	37,665,826	35.87
Pensions and provident funds	48	7,695,312	7.33
Other corporate bodies	296	14,488,854	13.80
Total	3,184	105,000,000	100.00

SHAREHOLDERS WITH OVER 5% HOLDING	NUMBER OF SHARES HELD	% HOLDING
PAD*	36,857,598	35.10
Mr Pierre Doger de Spéville**	13,473,566	12.83

*Promotion and Development Ltd's shareholding is inclusive of that of its 100% subsidiary, Commercial Holding Ltd (2,013,237 shares/1.92%).

**Mr Pierre Doger de Spéville's shareholding is inclusive of that of his wholly owned société, Sperry & Cie (4,360,100 shares/4.15%).

The number of shareholders given above is indicative due to the consolidation of multiple portfolios for reporting purposes. The total number of active shareholders as at 30 June 2020 was 3,227.

SHAREHOLDERS' AGREEMENT

There is no shareholders' agreement with regard to the Company.

THIRD PARTY MANAGEMENT AGREEMENT

There is no third-party management agreement with regards to the Company or its subsidiaries.

DIVIDEND POLICY

The Board's policy is to pay a reasonable dividend, taking into consideration the net asset value of the Company.

The following table sets out the dividends per ordinary share paid over the past five years:

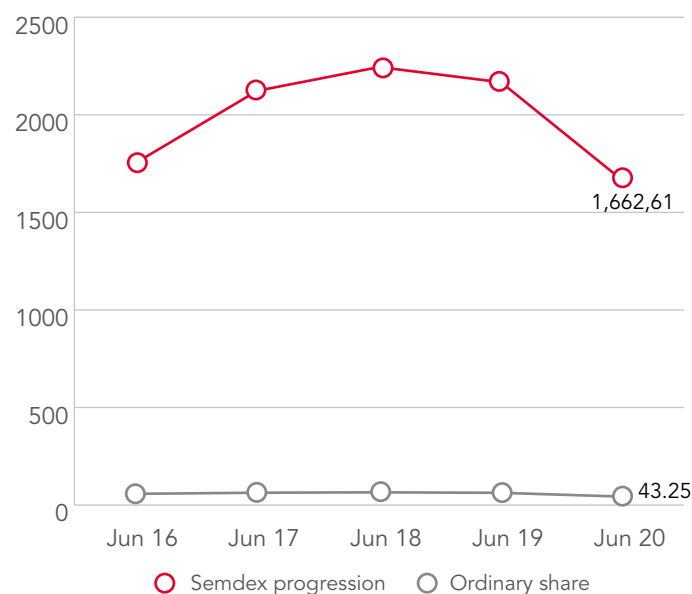
FINANCIAL YEAR END	INTERIM Rs	FINAL Rs	TOTAL Rs
30.06.2020	1.05	-	1.05
30.06.2019	1.45	1.50	2.95
30.06.2018	1.20	1.45	2.65
30.06.2017	0.90	1.20	2.10
30.06.2016	0.80	0.80	1.60

An interim dividend of Rs 1.05 per ordinary share and totalling Rs 110 million (2018/19 totals: Rs 2.95 per ordinary share – Rs 310 million) was declared on 18 December 2019 for the year ended 30 June 2020 and was paid on 17 February 2020.

CALENDAR OF EVENTS

EVENTS	DATE
Balance sheet date	30 June
Last annual meeting of shareholders	December 2019
Interim dividend 2019/20	
Declaration	December 2019
Payment	February 2020
Publication of first-quarter results	November 2019
Publication of half-year results	February 2020
Publication of third-quarter results	May 2020
Publication of end-of-year results	October 2020
Publication of integrated report 2019/20	November 2020
Forthcoming annual meeting of shareholders	December 2020

SHARE PRICE PERFORMANCE VS SEMDEX OVER THE PAST FIVE YEARS



The Company changed its listing from the DEM to the Official Market on 01 August 2019 and was included as constituent of the SEM-10 index for the quarter which started in July 2020.

EMPLOYEE SHARE OPTION SCHEME

There is no employee share option plan in place within Medine.

René Leclézio

Chairman

30 October 2020

Marc Lagesse

Director

DIRECTORS OF MEDINE'S SUBSIDIARIES AS AT 30 JUNE 2020

DIRECTORS	Cascavelle Shopping Mall Limited	Casela Limited	Clarens Fields Ltd	Concorde Tourist Guide Agency Limited	Forestia Estate Ltd	Le Cabinet Limited	Pierrefonds Estate Company Limited	Société Reufac	Tamarina Beach Club Hotel Limited	Tamarina Golf Club Limited	Tamarina Golf Estate Company Limited	Tamarina Leisure Properties Ltd	The Medine Sugar Milling Company Limited	Uniciti Commercial Properties Ltd	Uniciti Education Hub Ltd	Uniciti Education Properties Ltd	Uniciti Eduhousing Ltd	Uniciti Ltd	Uniciti Management Services Co Ltd	Uniciti Office Park Ltd	Uniciti Residential Properties Co Ltd	Uniciti Sports and Cultural Properties Ltd
René Leclézio																						
Javesh Boodnah																						
Gansam Boodram																						
Didier Charoux																						
Marc Desmarais																						
Pierre Doger de Spéville																						
Thomas Doger de Spéville																						
Jean Marie Dupuis																						
Eric Espitalier Noël																						
Hector Espitalier Noël																						
Catherine Frécaut																						
Lajpati Gujadhur																						
Ramapatee Gujadhur																						
Sheo Shankar Gujadhur																						
Hubert Harel																						
Marc Lagesse																						
Bruno Lebreux																						
Jacques Tin Miow Li Wan Po, G.O.S.K																						
Jack Loupy																						
Dhiren Ponnusamy																						
Marc de Ravel de L'Argentièr																						
Georges Eddy Sandian																						

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements for each financial year as per International Financial Reporting Standards and the Companies Act 2001. These financial statements give a true and fair view of the financial position, financial performance and cash flow of the Company and of the group. In preparing these financial statements, the Directors are required to:

- Ensure that adequate accounting records and an effective system of internal control and risk management have been maintained
- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether International Financial Reporting Standards have been followed and complied with, subject to any material departures being disclosed and explained in the financial statements
- Prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the requirements above in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy and at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors report that:

- Adequate accounting records and an effective system of internal control and risk management have been maintained
- The Code of Corporate Governance has been adhered to and, where there has not been compliance, relevant explanations have been provided in the Corporate Governance Report
- The external auditor is responsible for reporting on whether the financial statements are fairly presented.

Signed on behalf of the Board of Directors:



René Leclézio

Chairman



Marc Lagesse

Director

30 October 2020

STATEMENT OF COMPLIANCE

(SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

Name of Public Interest Entity ('P.I.E'): **Medine Limited**

Reporting period: **Year ended 30 June 2020**

We, the Directors of Medine Limited, hereby confirm that to the best of our knowledge the Company has not fully complied with all its obligations and requirements under the National Code of Corporate Governance (2016).

The areas of non-compliance, whose reasons are included in the Corporate Governance Report, are as follows:

PRINCIPLES	AREAS OF NON-COMPLIANCE
2	<ul style="list-style-type: none">• Board Composition• Composition of the Audit & Risk Committee
4	Board and Directors' evaluation exercise



René Leclézio

Chairman

30 October 2020



Marc Lagesse

Director



FINANCIAL STATEMENTS



SECRETARY'S CERTIFICATE

JUNE 30, 2020

In my capacity as Company Secretary of Medine Limited (the "Company"), I certify that, to the best of my knowledge and belief, the company has filed with the Registrar of Companies for the financial year ended June 30, 2020 all such returns as are required of the company under the Companies Act 2001.



Patricia Goder

Company Secretary

30 October 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDINE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Medine Limited (the "Company") and its subsidiaries (the "Group") set out on pages 108 to 199 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 significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and 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 and the Financial Reporting Act 2004.

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 Consolidated Financial Statements section of our report. We are independent of the Group and 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>1. Valuation of investment properties</p> <p>At June 30, 2020, the Group has investment properties of Rs. 4,834 million which are carried at fair value with the gains and losses recognised in profit or loss as described in note 2 of the financial statements. Disclosures around the fair valuation of investment properties are set out in note 7 of the financial statements.</p> <p>The fair values of the investment properties are determined by an external independent valuation specialist and management using valuation techniques which involves significant judgements and assumptions.</p> <p>Inappropriate estimates made in the fair valuation of investment properties would result in a significant impact on the results and on the carrying amount of the properties.</p> <p>The spread of the COVID-19 epidemic during the year and its impact of the economy has added a further degree of uncertainty in predicting future economic outcomes and hence added more complexity in the use of estimates and judgement in determining the fair value in the context of the pandemic.</p> <p>Consequently, the valuation of investment properties has been identified to be a key audit matter due the significant judgements and estimates involved and its significance to the financial statements with the gain or loss impacting profit or loss.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• We have obtained, read and understood the reports from the independent valuation specialist. We have tested the mathematical accuracy of the reports and evaluated the valuation methodology used by the external independent valuation specialist.• We involved our valuation specialist in validating the appropriateness of the methodology and the assumptions used.• We assessed the competence, capability, experience and independence, of the external independent valuation specialist.• We held discussions with the external property valuer, challenging key assumptions adopted in the valuations, including available market selling prices, market rents and by comparing them with historical rates and other available market data.• We reviewed the forecasted data used in the valuations and corroborated the major inputs used in the forecasts such as rental income and operating costs by comparing the actual tenancy information in the underlying contracts and by comparing operating costs.• We verified the reasonableness of the inputs and assumptions used in the context of the COVID-19 pandemic.• We reviewed the disclosures about significant estimates and critical judgments made by management in the financial statements in respect of valuation of investment properties. We have also verified the adequacy of the disclosures in accordance with IAS 40 Investment Property and IFRS 13 Fair Value Measurements made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDINE LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>2. Impairment of cash generating units, goodwill and investments in subsidiaries</p> <p>The outbreak of COVID-19 has caused significant disruption in the economic environment in which the group operates. Certain operations of the Group, including its leisure cluster, have been heavily impacted.</p> <p>Management made an impairment assessment in accordance with IAS 36 over its cash generating units (CGU) and consequently on its investments held in its subsidiaries. Disclosures around the impairment assessment of subsidiaries and cash generating units are set out in notes 9, 5 and 8 of the financial statements.</p> <p>Impairment assessment involves the determination of the recoverable amounts of the asset or the CGU. This process comprises the utilisation of judgement and estimates including the estimation of future cash flow.</p> <p>Variations in the estimates and assumptions may result in significant impact on the reported results and relevant assets.</p>	<p>Our audit procedures to over the impairment assessment included the following:</p> <ul style="list-style-type: none">• We reviewed management determination of CGUs for impairment assessment purpose.• We obtained management's impairment assessment and tested the arithmetical accuracy of the computations.• With the involvement of our valuation specialists, we appraised the method used in calculating the value in use, the forecasts used, and the assumptions adopted therein.• We verified the forecasts used by management with reference to historical data and market developments.• We performed a sensitivity analysis on the significant inputs to assess the range of acceptable valuations in each CGU.• We reviewed the allocation of impairment to the underlying related assets.• We assessed the adequacy of the disclosures made in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report and the Company Secretary's Certificate as required by the Companies Act 2001, 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 other than the Corporate Governance Report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors 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 the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of 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 intends to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDINE LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 judgement and maintain professional scepticism 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 or 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 and the Company to express an opinion on the Group and the Company 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Use of our report

This report is made solely to the Company's members, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

ERNST & YOUNG

Ebène, Mauritius

30 October 2020

PATRICK NG TSEUNG, A.C.A.

Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020

		THE GROUP			THE HOLDING COMPANY		
	Note	2020	Restated 2019	Restated July 1, 2018	2020	Restated 2019	Restated July 1, 2018
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS							
Non-current assets							
Property, plant and equipment	5	15,817,894	15,502,005	16,552,546	10,324,983	10,232,117	10,442,246
Right-of-use assets	6	22,157	-	-	18,598	-	-
Investment properties	7	4,833,770	4,606,425	2,965,055	1,306,375	1,162,899	1,017,642
Intangible assets	8	169,320	195,898	43,344	166,047	158,535	36,673
Investments in subsidiaries	9	-	-	-	5,951,757	6,292,698	6,024,616
Investments in associates	10	145,189	144,714	145,733	105,910	117,820	124,939
Financial assets at fair value through other comprehensive income	11	137,076	114,353	106,924	123,576	96,353	106,916
Other financial assets at amortised cost	17	-	-	-	187,500	175,000	-
Land development inventories	12	1,458,622	2,239,963	2,460,664	1,689,482	1,619,562	1,654,679
Biological assets	13	2,176	9,716	11,913	2,176	9,716	11,913
Deferred tax assets	14	-	15,227	8,385	-	-	-
		22,586,204	22,828,301	22,294,564	19,876,404	19,864,700	19,419,624
Current assets							
Property, plant and equipment	5	-	-	108,210	-	-	-
Land development inventories	12	556,658	224,381	181,498	161,435	148,505	181,498
Biological assets	13	130,391	130,241	132,782	130,391	130,241	132,782
Inventories	15	26,812	19,851	35,445	10,810	11,485	13,665
Contract assets	26(e)	8,465	32,457	16,502	5,705	29,001	13,561
Trade receivables	16	352,216	491,830	186,457	178,345	373,009	112,315
Other financial assets at amortised cost	17	100,727	95,942	75,933	1,358,419	1,213,040	753,736
Other current assets	18	98,851	104,626	138,798	40,429	28,576	58,177
Cash in hand and at bank	37	90,719	66,311	39,729	9,418	12,895	13,938
		1,364,839	1,165,639	915,354	1,894,952	1,946,752	1,279,672
Assets classified as held-for-sale	43	195,015	145,605	-	122,212	-	-
Total assets		24,146,058	24,139,545	23,209,918	21,893,568	21,811,452	20,699,296
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	19	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Revaluation surplus and other reserves	20	14,103,150	14,429,004	14,406,011	9,801,986	10,090,320	9,980,626
(Accumulated losses)/retained earnings		(31,691)	580,481	556,417	4,422,772	4,979,635	5,311,791
Owners' interest		15,121,459	16,059,485	16,012,428	15,274,758	16,119,955	16,342,417
Non-controlling interests		(28,762)	9,119	35,323	-	-	-
Total equity		15,092,697	16,068,604	16,047,751	15,274,758	16,119,955	16,342,417
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	14	17,353	11,063	21,282	-	-	-
Borrowings	21	5,874,475	5,675,674	2,697,363	3,979,073	3,975,131	870,875
Lease liabilities	6	12,844	-	-	10,778	-	-
Retirement benefit obligations	22	605,486	307,199	340,880	542,014	257,302	320,610
		6,510,158	5,993,936	3,059,525	4,531,865	4,232,433	1,191,485
Current liabilities							
Retirement benefit obligations	22	-	-	53,908	-	-	-
Borrowings	21	1,233,185	735,264	2,734,896	1,053,706	502,895	2,244,895
Lease liabilities	6	11,193	-	-	9,600	-	-
Trade and other payables	23	795,041	713,329	1,038,487	637,951	503,475	619,331
Contract liabilities	26(e)	212,264	123,853	123,101	160,570	71,290	78,930
Amount due to group companies	24	7,081	-	-	225,118	223,904	69,988
Current tax liabilities	35	-	274	-	-	-	-
Dividends	25	-	157,500	152,250	-	157,500	152,250
		2,258,764	1,730,220	4,102,642	2,086,945	1,459,064	3,165,394
Liabilities associated with assets classified as held-for-sale	43	284,439	346,785	-	-	-	-
Total liabilities		9,053,361	8,070,941	7,162,167	6,618,810	5,691,497	4,356,879
Total equity and liabilities		24,146,058	24,139,545	23,209,918	21,893,568	21,811,452	20,699,296

The financial statements were approved for issue by the Board of Directors on 30 October 2020

René Leclézio
Director



Jacques Tin Miow Li Wan Po. G. O. S. K
Director



The notes on pages 113 to 199 form an integral part of these financial statements.

Auditor's report on pages 105 to 107.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2020

	Note	THE GROUP		THE HOLDING COMPANY	
		2020	2019	2020	2019
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Continuing operations					
Revenue	26	1,389,106	1,508,299	615,082	613,609
Operating expenses	27	(1,639,038)	(1,595,302)	(879,491)	(878,893)
Changes in fair value of consumable biological assets	13	(7,390)	(8,241)	(7,390)	(8,241)
Other (losses)/gains - net	29	(13,650)	223,920	137,953	(31,909)
Profit on sale of land	30	169,085	439,874	169,392	469,600
Other income	31	17,370	59,098	150,745	166,603
Share of profit in associates	10	475	11,004	-	-
Impairment losses	32	(122,070)	(77,129)	(437,124)	(5,144)
(Loss)/profit before finance costs		(206,112)	561,523	(250,833)	325,625
Finance costs	33	(319,413)	(305,055)	(243,862)	(198,364)
(Loss)/profit before taxation		(525,525)	256,468	(494,695)	127,261
Income tax (charge)/credit	35	(21,139)	10,472	-	-
(Loss)/profit for the year from continuing operations		(546,664)	266,940	(494,695)	127,261
(Loss)/profit for the year from discontinued operations	43	(21,124)	1,716	-	(226,753)
(Loss)/profit for the year		(567,788)	268,656	(494,695)	(99,492)
(Loss)/profit attributable to:					
- Owners of the parent		(550,004)	263,831	(494,695)	(99,492)
- Non-controlling interests		(17,784)	4,825	-	-
		(567,788)	268,656	(494,695)	(99,492)
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss					
Changes in fair value of financial assets at fair value through other comprehensive income	11 & 38	22,723	(5,431)	27,223	(5,431)
Remeasurement of retirement benefit obligations from continuing operations	22 & 38	(272,483)	81,552	(267,475)	77,045
Remeasurement of retirement benefit obligations from discontinued operations	43(d)	(41,529)	-	-	-
Share of other comprehensive income of associates	10 & 38	-	(523)	-	-
Gain on revaluation of property, plant and equipment	20	-	18,554	-	115,166
Income tax relating to component of other comprehensive income	14(b) & 38	-	1,132	-	-
Other comprehensive income for the year, net of tax		(291,289)	95,284	(240,252)	186,780
Total comprehensive income for the year		(859,077)	363,940	(734,947)	87,288
Total comprehensive income attributable to:					
- Owners of the parent		(827,776)	360,883	(734,947)	87,288
- Non-controlling interests		(31,301)	3,057	-	-
		(859,077)	363,940	(734,947)	87,288
Total comprehensive income for the year analysed as:					
- Continuing operations		(796,424)	342,714	(734,947)	314,041
- Discontinued operations		(62,653)	21,226	-	(226,753)
		(859,077)	363,940	(734,947)	87,288
(Loss)/earnings per share (Rs.)					
- From continuing and discontinued operations	36	(5.24)	2.51	(4.71)	(0.95)
- From continuing operations	36	(5.21)	2.45	(4.71)	1.21

The notes on pages 113 to 199 form an integral part of these financial statements.

Auditor's report on pages 105 to 107.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2020

THE GROUP

THE GROUP		Attributable to owners of the parent					
		Share Capital	Revaluation Surplus and Other Reserves	(Accumulated losses)/ Retained Earnings	Total	Non-Controlling interests	Total Equity
Note							
Balance at July 1, 2019							
- as previously stated		1,050,000	13,026,565	580,481	14,657,046	9,119	14,666,165
- prior year adjustment	47	-	1,402,439	-	1,402,439	-	1,402,439
- as restated		1,050,000	14,429,004	580,481	16,059,485	9,119	16,068,604
Loss for the year		-	-	(550,004)	(550,004)	(17,784)	(567,788)
Other comprehensive income for the year	38(a)	-	(277,772)	-	(277,772)	(13,517)	(291,289)
Total comprehensive income for the year		-	(277,772)	(550,004)	(827,776)	(31,301)	(859,077)
Transfer - revaluation surplus realised on disposal of land	20(a)	-	(48,082)	48,082	-	-	-
Dividends to owners of the parent	25	-	-	(110,250)	(110,250)	-	(110,250)
Dividends to non-controlling interests		-	-	-	-	(6,580)	(6,580)
Balance at June 30, 2020		1,050,000	14,103,150	(31,691)	15,121,459	(28,762)	15,092,697
Balance at July 1, 2018							
- as previously stated		1,050,000	13,003,572	556,417	14,609,989	35,323	14,645,312
- prior year adjustment	47	-	1,402,439	-	1,402,439	-	1,402,439
- as restated		1,050,000	14,406,011	556,417	16,012,428	35,323	16,047,751
Profit for the year		-	-	263,831	263,831	4,825	268,656
Other comprehensive income for the year	38(a)	-	97,052	-	97,052	(1,768)	95,284
Total comprehensive income for the year		-	97,052	263,831	360,883	3,057	363,940
Non-controlling interest arising on business combination	41	-	-	-	-	104,386	104,386
Transactions with non-controlling interest	42	-	-	(4,076)	(4,076)	(127,067)	(131,143)
Transfer - revaluation surplus realised on disposal of land	20(a)	-	(74,059)	74,059	-	-	-
Dividends to owners of the parent	25	-	-	(309,750)	(309,750)	-	(309,750)
Dividends to non-controlling interests		-	-	-	-	(6,580)	(6,580)
Balance at June 30, 2019		1,050,000	14,429,004	580,481	16,059,485	9,119	16,068,604

The notes on pages 113 to 199 form an integral part of these financial statements.

Auditor's report on pages 105 to 107.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2020

THE HOLDING COMPANY

	Note	Share Capital Rs.'000	Revaluation Surplus and Other Reserves Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance at July 1, 2019		1,050,000	10,090,320	4,979,635	16,119,955
Loss for the year		-	-	(494,695)	(494,695)
Other comprehensive income for the year	38(b)	-	(240,252)	-	(240,252)
Total comprehensive income for the year		-	(240,252)	(494,695)	(734,947)
Transfer - revaluation surplus realised on disposal of land	20(b)	-	(48,082)	48,082	-
Dividends	25	-	-	(110,250)	(110,250)
Balance at June 30, 2020		1,050,000	9,801,986	4,422,772	15,274,758
Balance at July 1, 2018		1,050,000	9,980,626	5,311,791	16,342,417
Loss for the year		-	-	(99,492)	(99,492)
Other comprehensive income for the year	38(b)	-	186,780	-	186,780
Total comprehensive income for the year		-	186,780	(99,492)	87,288
Transfer - revaluation surplus realised on disposal of land	20(b)	-	(77,086)	77,086	-
Dividends	25	-	-	(309,750)	(309,750)
Balance at June 30, 2019		1,050,000	10,090,320	4,979,635	16,119,955

The notes on pages 113 to 199 form an integral part of these financial statements.

Auditor's report on pages 105 to 107.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Note	THE GROUP		THE HOLDING COMPANY	
		2020	2019	2020	2019
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating activities					
Cash received from customers		1,431,743	1,301,174	678,436	719,122
Cash paid to suppliers and employees		(1,355,770)	(1,219,806)	(697,962)	(851,822)
Cash generated from/(absorbed by) operations		75,973	81,368	(19,526)	(132,700)
Tax paid	35(a)	(49)	(3,278)	-	-
Interest paid		(358,678)	(286,187)	(244,933)	(199,232)
Interest received	31	6,069	7,930	105,889	77,971
Net cash used in operating activities		(276,685)	(200,167)	(158,570)	(253,961)
Investing activities					
Net proceeds from sale of land		469,499	359,226	463,657	396,684
Expenditure in respect of land development		(477,540)	(171,561)	(146,185)	(34,637)
Purchase of property, plant and equipment		(67,706)	(122,440)	(16,161)	(28,474)
Proceeds on disposal of property, plant and equipment		5,890	49,161	3,647	45,513
Proceeds on disposal of investment properties		-	5,140	-	5,132
Purchase of intangible assets	8	(8,507)	(159,440)	(8,286)	(158,317)
Purchase of investment properties	7	(31,483)	(360,595)	(6,854)	-
Investment in new subsidiaries*		-	-	-	(136,937)
Investment in associates	10	(4,000)	-	-	-
Acquisition of subsidiary, net of cash acquired	41(c)	-	(88,647)	-	-
Cash granted to related companies**		(5,286)	(110,592)	(513,531)	(284,923)
Cash paid by related companies**		95	-	354,935	-
Cash granted to group companies**		-	-	(62,130)	(510,854)
Dividends received		6,829	13,033	8,445	8,866
Net cash (used in)/from investing activities		(112,209)	(586,715)	77,537	(697,947)
Financing activities					
Cash from group companies		7,081	-	19,102	-
Investment in subsidiaries*		-	-	(216,955)	(131,145)
Transactions with non-controlling interest	42	-	(131,143)	-	-
Loans received		966,788	31,000	628,000	-
Loans repaid		(195,816)	(2,532,849)	(15,071)	(2,421,142)
Bonds issued		-	3,973,900	-	3,973,900
Finance lease repaid		(12,572)	(551)	(8,968)	(551)
Dividends paid to non-controlling interest		(6,580)	(6,580)	-	-
Dividends paid to owners of the parent	25	(267,750)	(304,500)	(267,750)	(304,500)
Net cash from financing activities		491,151	1,029,277	138,358	1,116,562
Net increase/(decrease) in cash and cash equivalents from discontinued activities	43	1,828	(2,879)	-	24,254
Increase in cash and cash equivalents		104,085	239,516	57,325	188,908
Movement in cash and cash equivalents					
At July 1,		(550,951)	(790,467)	(474,347)	(663,255)
Increase		104,085	239,516	57,325	188,908
Effect of foreign exchange rate changes		5,896	-	734	-
At June 30,	37(b)	(440,970)	(550,951)	(416,288)	(474,347)

* Cash flows from changes in ownership in subsidiaries that do not result in loss of control have been reclassified from investing to financing activities in 2019.

**These items previously presented under financing activities in 2019 were reclassified to investing activities.

The notes on pages 113 to 199 form an integral part of these financial statements.

Auditor's report on pages 105 to 107.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. GENERAL INFORMATION

Medine Limited is a limited liability company incorporated and domiciled in Mauritius. The main activities of the company consist principally of the planting of sugar cane for the production of sugar and by-product of sugar cane namely molasses and bagasses, the production of other agricultural products and the holding of investments. The registered office of Medine Limited is situated at 4, Unicity Office Park, Black River Road, Bambous and its place of business is at Bambous.

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 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 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 subsidiary company (The Group) and the separate financial statements of the parent company (The Company). The financial statements are presented in Mauritian Rupees.

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) certain property, plant and equipment are carried at revalued amounts/deemed costs;
- (ii) investment properties are stated at fair value;
- (iii) consumable biological assets are stated at fair value; and
- (iv) relevant financial assets and financial liabilities are stated at fair value or at amortised cost.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at June 30, 2020. The consolidation process is detailed in note 2.8.

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

IFRS 16 Leases

Effective July 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.

The Group adopted IFRS 16 using the modified retrospective approach 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. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The impact has been further described in note 46.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

This interpretation 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

The amendments 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)

The amendments 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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.
- 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)

The amendments 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

2.4 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 July 1, 2020 or later periods, but which the Group/Company 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)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Definition of a Business (Amendments to IFRS 3)

Amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

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

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Annual Improvements to IFRS 2018-2020 Cycle

- IFRS 1 - permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS.
- IFRS 9 - clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- IAS 41 - removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

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

The Conceptual Framework for Financial Reporting

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

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.

2.5 Property, plant and equipment

Land held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic valuations, by external independent valuers.

All other property, plant and equipment are initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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 shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus, directly in equity; all other decreases are charged to profit or loss.

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 and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (cont'd)

Bearer plants

Bearer plants have been estimated based on the cost of land preparation and planting of bearer canes.

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

	Annual rates (%)
Leasehold land	5%
Improvement to land	1% and 10%
Factory buildings and equipment	1% - 33%
Weighing equipment	2.5% - 3.6%
Cultivation equipment	3% - 20%
Transport equipment	10% and 20%
Animals	2.5% - 6.67%
Bearer plants	12.5%
Hotel and leisure building	2% - 5%
Other buildings and equipment	1% - 33%
Golf course and infrastructure	1%

Freehold land is not depreciated.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in profit or loss. On disposal of revalued assets, amounts in revaluation surplus relating to that asset are transferred to retained earnings.

2.6 Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Group is carried at fair value, representing open-market value determined annually. Changes in fair values are included in profit or loss.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are recognised in profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.7 Intangible assets

(a) *Goodwill*

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

Goodwill is tested annually for impairment.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) *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 over their estimated useful lives (3 - 10 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

(c) *Land conversion rights*

The cash compensation paid in respect of the closure of The Medine Sugar Milling Company Ltd is capitalised as land conversion rights on the basis that under the provision of the Sugar Industry Efficiency Act, the Company acquires the right to sell land on which no conversion taxes are payable. Such costs are charged to profit or loss when the associated benefits related to the land conversion rights are realised. At the end of each financial year, the carrying amount of the land conversion rights is subject to testing for impairment and reduced to the recoverable amount, if this is less.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investments in subsidiaries

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.

Separate financial statements of the investor

Investments in subsidiaries are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

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 interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling 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 a 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.

Transactions with non-controlling interests

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

Disposal of subsidiaries

When the Group ceases to have control or significant influence, 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 assets. In additions, 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.

2.9 Investments in associates

Separate financial statements of the investor

Investments in associated companies are 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 Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the group's share of the net assets of the associate less any impairment in the value of individual investments.

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

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

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

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 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. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(a) *Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. 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.

Expected credit loss for trade receivables are recognised based on the simplified approach with 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 Profit or Loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against associated provision.

Expected credit loss 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 the credit risk has increased significantly, lifetime expected credit losses along with 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.

From time to time, the Group elects to renegotiates the terms of trade receivables due from customers with which it has previously has a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

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

Cash and cash equivalents include cash in hand, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

(b) *Fair value through other comprehensive income*

The Group has investments in unquoted 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 reserve. Upon disposal any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

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.

2.11 Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

- (a) Bank borrowings and bonds which 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 statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding.

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

- (b) Trade payables and other short-term liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- (c) The Group obtains deposits from tenants, which may be used towards payment of rental and service charges. Such deposits are treated as financial liabilities in accordance with IFRS 9. They are initially recognised at fair value and subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Biological assets

Consumable biological assets

Standing sugar cane crop

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

Other crops and plants

Other crops and plants are measured at their fair value. The fair value of the other crops and plants is the present value of expected net cash flows from the sale of the other crops and plants, discounted at the relevant market determined pre-tax rate.

Changes in fair value of consumable biological assets are recognised in profit or loss.

2.14 Land development inventories

Land development inventories consist of cost of land and related expenditure incurred on conversion of land to saleable condition. Land development inventories are measured at the lower of cost or net realisable value.

2.15. Current and deferred income taxes

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

Current tax

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

Deferred tax

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

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of certain properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expenses. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.17 Retirement benefit obligations

(a) *Defined contribution plans*

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The Group has not legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered services that entitle them to the contributions.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Retirement benefit obligations (cont'd)

(b) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

(c) Gratuity on retirement

Artisans and labourers of sugar companies are entitled to a gratuity on death or retirement, based on years of service. This item is not funded. The benefits accruing under this item are calculated by an actuary and have been accounted for in the financial statements.

For employees who are not covered by the above pension plans, the net present value of gratuity on retirement payable under the Workers' Rights Act 2019 is calculated by an actuary and provided for. The obligations arising under this item are not funded.

2.18 Foreign currencies

(a) 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").

The consolidated financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency. All values are rounded to the nearest thousand (Rs'000) except where otherwise indicated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains - net'.

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.

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 and depreciation 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).

2.20 Leases

Up to June 30, 2019

Leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the 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 unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs (see note 2.22).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or 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.

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

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

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

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

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

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

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

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are 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.

The Group as a lessee, revises the discount rate when there is a reassessment of the lease liability or a lease modification.

The revised discount rate is the interest rate implicit in the lease for the remainder of the lease term, unless it cannot be readily determined, in which case the lessee's incremental borrowing rate at the date of reassessment or effective date of lease modification is used.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

The Group as a lessee, remeasures the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- there is a change in the lease term as a result of
 - a change in the non-cancellable period of the lease, e.g. the lessee exercises an option to extend that was not previously included in the lease term (or the lessee does not exercise such an option that was previously included in the lease term), or
 - a lessee reassessing whether it is reasonably certain to exercise an extension option or not to exercise a termination option, or
- there is a change in the assessment of a lessee's option to purchase the underlying asset.

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

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

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

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

2.21 Operating leases - lessor

From the Group's perspective as a lessor, properties leased out under operating leases are included in investment properties in the statement of financial position. The carrying amounts of investment properties represent their fair value. Rental income is recognised in profit or loss on a straight-line basis over the lease term.

2.22 Borrowing costs

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.

2.23 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

2.24 Revenue recognition

- (a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

- (i) Sales of goods

The majority of the revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

The recognition of sugar and molasses proceeds is based on total production of the crop year. Bagasse proceeds are accounted for in the year in which it is received. Sugar prices are based on the recommendations made to all sugar companies by the Mauritius Chamber of Agriculture after consultation with the Mauritius Sugar Syndicate. Any differences between the recommended prices and the final prices are reflected in profit or loss of the period in which they are established.

- (ii) Rendering of Services

The Group carries out services for clients, with revenue recognised typically on an over time basis. This is because for such services rendered, the customer simultaneously receives and consumes the economic benefit provided by the Group's performance 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. The Group recognises revenue based on services delivered and represents a direct measurement of the value of services transferred to date in comparison with the remaining services to be provided under the contract (an output based method). This is considered a faithful depiction of the transfer of services as it depicts the entity's performance towards complete satisfaction of the performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition (cont'd)

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

Determining the transaction price

Transaction price is defined as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. For the purpose of determining the transaction price, the Group assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified. The transaction price is based on the amount to which the Group expects to be earned. This amount is meant to reflect the amount to which the Group has rights under the present contract. 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 transaction price to performance obligations

For most contracts, there is a fixed unit price for each product sold or services rendered, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the transaction price to each unit ordered or service rendered in such contracts (it is the total transaction price divided by the number of units ordered or service rendered). Where a customer orders more than one product line, the Group is able to determine the split of the total transaction price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the assets is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

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 goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

- (b) Other revenues earned by the Group are recognised on the following bases:

- Dividend income is recognised when the shareholder's right to receive payment is established.
- 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).
- Other income - on an accrual basis unless collectability is in doubt.

2.25. Sale of land

The profit arising on sale of land is recognised in profit or loss on the date the deed of sale is signed and the corresponding debtor accounted in the statement of financial position. All other prepayments collected in respect of sale of land are credited to "Deposit on sale of land" in the statement of financial position.

2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

2.27 Segment reporting

Segment information presented relates to operating segments that engage in business activities for which revenues are earned and expenses incurred.

2.28 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) 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 (or disposal group) is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of subsidiaries, 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks, including:

- Foreign exchange risk;
- Credit risk;
- Interest rate risk;
- Liquidity risk;
- Equity market price risk; and
- Market risk.

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

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US dollars, Euros and GBP. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities.

The group's dealings in foreign currency purchases is managed by seeking the best rates. Fluctuations arising on purchase transactions are partly offset by sales transactions, effected in US dollars, Euros and GBP to some extent.

The Group

At June 30, 2020, if the rupee had weakened/strengthened by 1% against the US dollar/Euro/GBP with all variables held constant, post tax loss and total equity of the group for the year would have been Rs.698,000 lower/higher, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro/GBP denominated assets.

At June 30, 2019, if the rupee had weakened/strengthened by 1% against the US dollar/Euro/GBP with all variables held constant, post tax profit and total equity of the group for the year would have been Rs.409,000 higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro/GBP denominated assets.

	USD Rs.'000	EURO Rs.'000	GBP Rs.'000	MUR Rs.'000	Total Rs.'000
2020					
Bank balances	8,573	47,660	1,587	32,899	90,719
Trade receivables	67	11,844	33	340,272	352,216
Trade and other payables	-	-	-	795,041	795,041
2019					
Bank balances	3,898	16,711	378	45,324	66,311
Trade receivables	-	19,893	-	471,937	491,830
Trade and other payables	-	-	-	713,329	713,329

The Holding Company

At June 30, 2020, if the rupee had weakened/strengthened by 1% against the US dollar/Euro/GBP with all variables held constant, post tax loss and total equity of the company for the year would have been Rs.71,000 (2019: Rs.46,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro/GBP denominated assets. Loss is more sensitive to movement in exchange rates in 2020 than 2019 because of the increased amount of US dollar/Euro/GBP denominated assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

Foreign exchange risk (cont'd)

	USD	EURO	GBP	MUR	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2020					
Bank balances	3,016	2,820	1,300	2,282	9,418
2019					
Bank balances	2,110	2,163	344	8,278	12,895

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

The Group's credit risk is primarily attributable to its trade receivables, cash balances and loans to related parties. The amount presented in the statements of financial position on net of allowances for expected credit losses, estimated by management based on prior experience and represents the Company's maximum exposure to credit risk. The cash balances are held on current accounts and the expected credit loss is insignificant.

For trade receivables, an analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. In addition, the Group considers individual debtors for specific impairment when it becomes aware of the debtors' ability to meet the financial obligation or when the trade receivable is referred to attorneys. Receivables are written off when there is no reasonable expectation of recovery.

The Company manages the receivables from related parties through considering the purpose of advances and their financial position and forecasted cash flows.

The Group and the Company recognise an allowance for expected credit losses (ECLs) receivables classified as other financial assets at amortised cost under the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash received from the operations of the borrowers.

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

Factors considered by the Group when assessing that the receivable is credit impaired include:

- (i) the balance remains due for more than 90 days,
- (ii) the debtor is unlikely to pay the its obligation in full without recourse to actions such as disposing its assets,
- (iii) the financial position indicates that the debtor is in financial difficulty.

The analysis of changes in the gross amount and the corresponding ECL is disclosed in note 17.

The Group and the Company considered the impact of COVID19 on its financial assets. The Group segmented its trade receivables balances into categories pertaining to the different industries. Where the Group and Company considered there to be an increase in credit risks, it made adjustments to the receivable balances of these respective trade debtors to reflect the situation.

Sales to retail customers are required to be settled by bank transfers, in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/ or regions.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

Credit risk (cont'd)

The table below shows the credit concentration of the group and the company at the end of the reporting period:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
Counterparties	%	%	%	%
10 major counterparties per company	48	83	81	56
Others (diversified risk)	52	17	19	44
	100	100	100	100

Management does not expect any losses from non-performance of these customers.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates. The Group has interest-bearing assets.

The Group

At June 30, 2020, if the interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss and total equity for the year would have been Rs.69,328,000 lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

At June 30, 2020, if the interest rates on euro-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss and total equity for the year would have been Rs.759,000 (2019: nil) lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

At June 30, 2019, if the interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax profit and total equity for the year would have been Rs.51,339,000 higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

The above risk is mitigated by the interest-bearing assets as follows:

At June 30, 2020, if the interest rates on rupee-denominated bank balances and interest bearing assets had been 1% lower/higher with all other variables held constant, there would not have been a material impact on post-tax loss and total equity for the year as a result of lower/higher interest income on bank balances.

At June 30, 2019, if the interest rates on rupee-denominated bank balances and interest bearing assets had been 1% lower/higher with all other variables held constant, post-tax profit and total equity for the year would have been Rs.2,979,000 lower/higher, mainly as a result of lower/higher interest income on bank balances.

The Holding Company

At June 30, 2020, if the interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss and total equity for the year would have been Rs.47,554,000 (2019: Rs.32,274,000) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

The above risk is mitigated by the interest-bearing assets as follows:

At June 30, 2020, if the interest rates on rupee-denominated bank balances and interest bearing assets had been 1% lower/higher with all other variables held constant, there would not have been a material impact on post-tax loss and total equity for the year as a result of lower/higher interest income on bank balances (2019: Rs.45,000 higher/lower).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'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 marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

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

The Group

	Less than 1 year Rs.'000	Between 1 and 2 years Rs.'000	Between 2 and 5 years Rs.'000	Over 5 years Rs.'000	Total Rs.'000
At June 30, 2020					
Bank overdrafts	466,543	-	-	-	466,543
Leases	11,654	9,171	4,449	-	25,274
Bonds	180,888	180,888	2,801,573	1,711,257	4,874,606
Bank loans	872,944	280,680	845,520	1,300,415	3,299,559
Trade and other payables	795,041	-	-	-	795,041
At June 30, 2019					
Bank overdrafts	552,538	-	-	-	552,538
Finance lease	582	615	616	-	1,813
Bonds	210,184	210,184	2,994,822	1,813,367	5,228,557
Bank loans	290,554	205,797	718,360	1,320,525	2,535,236
Trade and other payables	713,329	-	-	-	713,329

The Holding Company

At June 30, 2020

Bank overdrafts	425,706	-	-	-	425,706
Leases	10,558	8,190	31,433	-	50,181
Bonds	180,888	180,888	2,801,573	1,711,257	4,874,606
Bank loans	628,000	-	-	-	628,000
Trade and other payables	637,951	-	-	-	637,951

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

Liquidity risk (cont'd)

The Holding Company

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2019*					
Bank overdrafts	487,242	-	-	-	487,242
Bank loans	22,333	-	-	-	22,333
Bonds	210,184	210,184	2,994,822	1,813,367	5,228,557
Finance lease	582	615	616	-	1,813
Amount due to group companies	223,904	-	-	-	223,904
Trade and other payables	503,475	-	-	-	503,475

*The figures reported for June 30, 2019 have been represented to show the undiscounted amounts.

Equity market price risk

The Group is susceptible to equity market price risk arising from uncertainties about future prices of the equity securities because of investments held by the Group and classified on the statement of financial position as available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on equity. The analysis is based on the assumption that the fair value has increased/decreased by 5%.

	Impact on equity			
	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets at fair value through other comprehensive income	6,854	5,718	6,179	4,818

Market risk

The Group is exposed to market risk arising from changes in sugar prices and the incidence of the exchange rate. This risk will directly impact on future crop proceeds. The risk is not hedged.

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 included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined 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 instruments are observable, the instrument is included in level 2.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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 Group for similar financial

The fair value of estimation has been further described in note 5, 7, 11 and 13.

3.3 Biological assets

The Group is exposed to fluctuations in the price of sugar and the incidence of exchange rate, which affect both the crop proceeds and the fair value of biological assets. The risk is not hedged.

3.4 Capital 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 for other stakeholders;
- 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 the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt (as shown in the Statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, non-controlling interests, retained earnings, and revaluation surplus and other reserves).

During 2020, the Group's strategy, which was unchanged from 2019, 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 HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Borrowings (note 21)	7,107,660	6,410,938	5,032,779	4,478,026
Lease liabilities (note 6(b))	24,037	-	20,378	-
Total borrowings	7,131,697	6,410,938	5,053,157	4,478,026
Less: cash and cash equivalents (note 37)	(90,719)	(66,311)	(9,418)	(12,895)
Net debt	7,040,978	6,344,627	5,043,739	4,465,131
Total equity	15,092,697	16,068,604	15,274,758	16,119,955
Add: subordinated debt instruments	-	-	-	-
Adjusted capital	15,092,697	16,068,604	15,274,758	16,119,955
Debt-to-adjusted capital ratio	0.47 : 1	0.39 : 1	0.33 : 1	0.28 : 1

The increase in the debt-to-adjusted capital ratio during 2020 resulted primarily from the increase in borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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.

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 Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) **Biological assets**

Consumable biological assets - Standing Sugar Canes

The fair value of standing sugar canes crop has been arrived at by discounting the present value (PV) of expected net cash flows from standing canes discounted at the relevant market determined pre-tax rate.

The expected cash flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on the yearly budget of the company.

Other key assumptions for biological assets are disclosed in note 13.

(c) **Land**

The land were valued at June 30, 2016 and June 30, 2018 for Smart city at fair value based on the valuation report made by JPW International Ltd, Independent Property Surveyor, in association with Professional Valuers Co Ltd, on an open market value basis. Additional information is disclosed in note 5. The directors are of the opinion that the fair value of the land bank at June 30, 2020 would not be materially different from their carrying amount, considering prevailing market conditions.

(d) **Investment properties**

Investment properties, held to earn rentals/or for capital appreciation or both and not occupied by the Group/Company is carried at fair value with changes in fair value being recognised in profit or loss. Investment properties consist of freehold land and buildings. Investment properties have been valued at their open market value on June 30, 2020 based on the valuation report made by an Independent Property Surveyor.

Additional information is disclosed in note 7.

(e) **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligation are based in part on current market conditions. Additional information is disclosed in note 22.

(f) **Limitations of sensitivity analysis**

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

Sensitivity 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.

(g) **Impairment of assets**

Property, plant and equipment, investment in subsidiaries, investment in associates 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 or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Cash flows which are utilised in these assessments are extracted from the yearly budget.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(h) **Fair value of securities not quoted in an active market**

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

(i) **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 asset 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.

(j) **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 the 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 asset at the end of their expected useful lives.

(k) **Deferred tax on investment properties**

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the Group's investment property portfolio and concluded that certain of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sales. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for certain of the Group's investment properties. As a result, the Group has recognised deferred taxes on changes in fair value of such investment properties.

(l) **Leases - Estimating the incremental borrowing rate**

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

(m) **Going concern**

The Group made an assessment of its ability to continue as going concern and it satisfy that it has the resources to continue its business for the foreable future. The financial statement have thus been prepared on a going concern basis. Refer to note 48 for further details.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP COST OR VALUATION		Freehold land												
		Rs.'000	Leasehold land	Rs.'000	Factory buildings & equipment	Weighing & cultivation equipment	Transport equipment	Animals	Hotel & leisure building and structures	Golf course and infrastructure	Other buildings and equipment	Work in progress	Bearer plants	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019														
- as previously stated		14,381,417	111	54,558	579,133	152,072	38,364	401,317	46,011	1,248,305	43,540	151,624	17,096,452	
- prior year adjustment (note 47)		(21,096)											(21,096)	
- effect of adopting IFRS 16 (note 46)		-	-	-	-	(4,920)	-	-	-	-	-	-	(4,920)	
At July 1, 2019 (as restated)		14,360,321	111	54,558	579,133	147,152	38,364	401,317	46,011	1,248,305	43,540	151,624	17,070,436	
Additions		-	-	763	700	7,550	20	850	-	48,504	9,319	-	67,706	
Disposals		(31,696)	-	-	(8,693)	(6,470)	-	-	-	(1,893)	-	-	(48,752)	
Assets scrapped		-	-	-	-	(770)	-	-	-	(289)	-	-	(1,059)	
Transfer		-	-	-	-	466	-	29,053	-	1,435	(30,954)	-	-	
Impairment		-	-	-	-	-	-	-	-	-	(640)	-	(640)	
Transfer from investment properties (note 7)		-	-	-	-	-	-	-	-	657,070	-	-	657,070	
Transfer to investment properties (note 7)		(715,607)	-	-	-	-	-	-	-	-	-	-	(715,607)	
Transfer from land development inventories (note 12)		1,587,540	-	-	-	-	-	-	-	-	-	-	1,587,540	
Transfer to land development inventories (note 12)		(904,161)	-	-	-	-	-	-	-	-	-	-	(904,161)	
Transfer from assets classified as held-for-sale (note 43(b))		-	-	-	-	21,115	-	-	-	146,906	-	-	168,021	
Transfer to assets classified as held-for-sale (note 43(b))		(122,212)	-	-	-	-	-	-	-	-	-	-	(122,212)	
DEPRECIATION		14,174,185	111	55,321	571,140	169,043	38,384	431,220	46,011	2,100,038	21,265	151,624	17,758,342	
At July 1, 2019														
- as previously stated		-	100	54,178	528,314	136,736	5,385	76,505	15,053	593,532	11,924	151,624	1,573,351	
- effect of adopting IFRS 16 (note 46)		-	-	-	-	(4,059)	-	-	-	-	-	-	(4,059)	
- as restated		-	100	54,178	528,314	132,677	5,385	76,505	15,053	593,532	11,924	151,624	1,569,292	
Charge for the year		-	-	20	17,603	9,500	1,491	36,252	6,390	106,242	-	-	177,498	
Impairment losses (note 32)		-	-	1,123	360	-	-	49,000	-	18,150	-	-	68,633	
Disposal adjustments		-	-	-	(8,693)	(6,470)	-	-	-	(1,411)	-	-	(16,574)	
Adjustment for assets scrapped		-	-	-	-	(770)	-	-	-	(289)	-	-	(1,059)	
Transfer to investment properties (note 7)		-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from assets classified as held-for-sale (note 43(b))		-	-	-	-	16,266	-	-	-	126,392	-	-	142,658	
At June 30, 2020		-	100	55,321	537,584	151,203	6,876	161,757	21,443	842,616	11,924	151,624	1,940,448	
NET BOOK VALUE		14,174,185	11	-	33,556	17,840	31,508	269,463	24,568	1,257,422	9,341	-	15,817,894	
At June 30, 2020														

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(a) (ii)	THE GROUP													
	COST OR VALUATION													
	Freehold land	Leasehold land	Factory buildings & equipment	Weighing & cultivation equipment	Transport equipment	Animals	Hotel & leisure building and structures	Golf course and infrastructure	Other buildings and equipment	Work in progress	Bearer plants	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
At July 1, 2018														
- as previously stated	14,599,341	111	1,110,923	613,357	174,282	38,725	742,052	234,456	1,697,449	63,842	151,624	19,426,162		
- prior year adjustment (note 47)	(21,096)	-	-	-	-	-	-	-	-	-	-	(21,096)		
At July 1, 2018 (as restated)	14,578,245	111	1,110,923	613,357	174,282	38,725	742,052	234,456	1,697,449	63,842	151,624	19,405,066		
Additions	-	-	403	3,693	11,382	9	5,358	159	92,595	18,331	-	131,930		
Acquisition through business combination	-	-	-	-	24,583	-	-	-	25,221	-	-	49,804		
Disposals	-	-	(1,998)	(16,236)	(26,866)	-	-	-	(52,823)	-	-	(97,923)		
Assets scrapped	-	-	-	(21,681)	(4,381)	(370)	(3,865)	-	(42,903)	(2,866)	-	(76,066)		
Transfer to land development and expenditure (note 12)	(94,026)	-	-	-	-	-	-	-	-	-	-	(94,026)		
Transfer from land development and expenditure (note 12)	-	-	-	-	-	-	-	-	9,442	-	-	9,442		
Transfer from investment properties (note 7)	-	-	-	-	-	-	-	-	315	-	-	315		
Transfer to investment properties (note 7)	(27,286)	-	-	-	-	-	(342,228)	(188,604)	(451,539)	-	-	(1,009,657)		
Transfer to inventories	-	-	-	-	-	-	-	-	-	(265)	-	(265)		
Transfer	-	-	-	-	-	-	-	-	35,502	(35,502)	-	-		
Revaluation adjustment	(96,612)	-	-	-	-	-	-	-	81,952	-	-	(14,660)		
Transfer to assets classified as held-for-sale	-	-	(1,054,770)	-	(26,928)	-	-	-	(146,906)	-	-	(1,228,604)		
	14,360,321	111	54,558	579,133	152,072	38,364	401,317	46,011	1,248,305	43,540	151,624	17,075,356		
DEPRECIATION														
At July 1, 2018	-	100	1,010,743	547,498	165,131	3,991	125,094	34,096	706,033	-	151,624	2,744,310		
Charge for the year	-	-	8,663	16,895	9,894	1,491	13,165	3,464	131,964	-	-	185,536		
Acquisition through business combination	-	-	-	-	15,034	-	-	-	21,097	-	-	36,131		
Impairment losses (note 32)	-	-	14,537	-	-	-	-	-	54,982	11,924	-	81,443		
Transfer to investment properties (note 7)	-	-	-	-	-	-	(60,630)	(22,507)	(102,409)	-	-	(185,546)		
Disposal adjustments	-	-	-	(14,397)	(26,863)	-	-	-	(35,543)	-	-	(76,803)		
Adjustment for assets scrapped	-	-	-	(21,682)	(4,381)	(97)	(1,124)	-	(22,986)	-	-	(50,270)		
Revaluation adjustment	-	-	-	-	-	-	-	-	(33,214)	-	-	(33,214)		
Transfer to assets classified as held-for-sale	-	-	(979,765)	-	(22,079)	-	-	-	(126,392)	-	-	(1,128,236)		
At June 30, 2019	-	100	54,178	528,314	136,736	5,385	76,505	15,053	593,532	11,924	151,624	1,573,351		
NET BOOK VALUE														
At June 30, 2019	14,360,321	11	380	50,819	15,336	32,979	324,812	30,958	654,773	31,616	-	15,502,005		

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(a) THE GROUP (CONT'D)

- (iii) No assets have been acquired under finance leases in 2019.
- (iv) Leased assets included in property, plant and equipment:

	Transport Equipment	
	2020	2019
	Rs.'000	Rs.'000
Cost	-	4,920
Accumulated depreciation	-	(4,059)
Net book amount	-	861

On adoption of IFRS 16, assets under finance leases were reclassified to right-of-use assets in note 6.

- (v) Freehold land of the Group have been valued at their open market value as at June 30, 2016 and June 30, 2018 by JPW International Ltd, Independent Property Surveyor, in association with Professional Valuers Co Ltd.

The fair value of the land was based on its market value, which is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The market value of the land was derived using the following approach:

- a) The Comparative Method of Valuation involves the assessment of the property based on sale comparable in the neighbourhood and adjusted to reflect its location, characteristics and size;
- b) The Residual Method of Valuation involves the discounted cash flow analysis; and
- c) The Income Capitalisation Approach takes a property's forecast net operating income and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan to value ratios which is capitalised at an appropriate rate of return to produce a capital value.

Details of the Group's property, plant and equipment measured at fair value and information about the fair value hierarchy as at June 30, 2020 are as follows:

	2020	2019
	Level 3	Level 3
	Rs.'000	Rs.'000
Freehold land	14,174,185	14,360,321

The revaluation surplus was credited to revaluation surplus in shareholders' equity.

The fair value of land is classified in level 3 of the fair value hierarchy as it has been valued using significant unobservable valuation input.

The most significant unobservable inputs for the valuation of land are as follows:

Use of land	Significant unobservable input	Range of unobservable input Rs.'000/Arpent
Agricultural	Price per Arpent	366 - 1,478
Shrubs, bareland and hunting grounds	Price per Arpent	94 - 1,430
Office and operations	Price per Arpent	375 - 4,500
River reserves and reservoir	Price per Arpent	38 - 375
Smart city	Price per Arpent	2,600 - 7,510

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(a) THE GROUP (CONT'D)

Significant increase/(decrease) in the above observable inputs in isolation would result in a significant higher/(lower) fair value.

	Impact on fair value	
	2020	2019
	Rs.'000	Rs.'000
Increase of 5% in price per Arpent	708,709	718,016
Decrease of 5% in price per Arpent	(708,709)	(718,016)

The movement in the opening balance and closing balance of the property, plant and equipment categorised within level 3 of the fair value hierarchy is as follows:

	2020	2019
	Rs.'000	Rs.'000
Level 3		
At July 1,	14,360,321	14,578,245
Additions	-	-
Disposals	(31,696)	-
Transfer from land development and expenditure	1,587,540	-
Transfer to land development and expenditure	(904,161)	(94,026)
Transfer to investment properties	(715,607)	(27,286)
Transfer to assets classified as held-for-sale	(122,212)	-
Revaluation adjustment	-	(96,612)
At June 30,	14,174,185	14,360,321

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

	2020	2019
	Rs.'000	Rs.'000
Freehold land	326,194	326,640

(vii) The property, plant and equipment of the Group have been pledged as security for borrowings.

(viii) Depreciation charge has been charged in operating expenses.

(ix) *Impairment*

Impairment losses on property, plant and equipment comprise of impairment of Rs.19,633,000 on assets for which no future economic benefits are expected to be derived and Rs.49,000,000 arising on the impairment assessment of the hotel resort of Tamarina Beach Club Hotel Limited. In 2019, the impairment loss consisted of Rs.14,537,000 relating to the milling factory and Rs.66,906,000 for assets for which no future economic benefits are expected to be derived.

The recoverable amount of the Tamarina, within the leisure segment, of Rs.261,001,000 as at June 30, 2020 has been determined based on a value in use calculation using cash flow projections from cash flow forecasts approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the effect of COVID-19 including border closure and expected recovery from the economic downturn. The discount rate applied to cash flow projections is 8.77% and cash flows beyond the five-year period are extrapolated using a 2.0% growth rate. As a result of the assessment, an impairment charge of Rs.48,999,000 in the current year against property, plant and equipment with a carrying amount of Rs.310,000,000.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(b) THE HOLDING COMPANY

(i) COST OR VALUATION

	Freehold land	Leasehold land	Factory equipment	Weighing & cultivation equipment	Transport equipment	Golf course and infrastructure	Buildings and equipment	Work in progress	Bearer plants	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019										
- as previously stated	11,453,986	111	1,999	575,799	132,847	-	433,182	6,034	151,624	12,755,582
- prior year adjustment (note 47)	(1,423,535)	-	-	-	-	-	-	-	-	(1,423,535)
- effect of adopting IFRS 16	-	-	-	-	(4,920)	-	-	-	-	(4,920)
At July 1, 2019 (restated)	10,030,451	111	1,999	575,799	127,927	-	433,182	6,034	151,624	11,327,127
Additions	-	-	-	700	3,404	301,064	12,057	-	-	317,225
Disposals	(42,496)	-	-	(8,693)	(6,470)	-	(69)	-	-	(57,728)
Transfer	-	-	-	-	-	-	6,034	(6,034)	-	-
Transfer from land development expenditure	8,815	-	-	-	-	-	-	-	-	8,815
Transfer to assets classified as held-for-sale	(122,212)	-	-	-	-	-	-	-	-	(122,212)
	9,874,558	111	1,999	567,806	124,861	301,064	451,204	-	151,624	11,473,227
DEPRECIATION										
At July 1, 2019	-	100	856	526,581	122,104	-	298,665	-	151,624	1,099,930
Effect of adopting IFRS 16	-	-	-	-	(4,059)	-	-	-	-	(4,059)
At July 1, 2019 (restated)	-	100	856	526,581	118,045	-	298,665	-	151,624	1,095,871
Charge for the year	-	-	20	16,004	3,088	6,391	22,469	-	-	47,972
Disposal adjustments	-	-	-	(8,693)	(6,470)	-	(69)	-	-	(15,232)
Impairment (note 32)	-	-	1,123	360	-	-	18,150	-	-	19,633
At June 30, 2020	-	100	1,999	534,252	114,663	6,391	339,215	-	151,624	1,148,244
NET BOOK VALUE										
At June 30, 2020	9,874,558	11	-	33,554	10,198	294,673	111,989	-	-	10,324,983

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(b) THE HOLDING COMPANY

(i)

	Freehold land	Leasehold land	Factory equipment	Weighing & cultivation equipment	Transport equipment	Buildings and equipment	Work in progress	Bearer plants	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST OR VALUATION									
At July 1, 2018									
- as previously stated	11,575,298	111	1,999	608,623	153,852	632,367	2,885	151,624	13,126,759
- prior year adjustment (note 47)	(1,423,535)	-	-	-	-	-	-	-	(1,423,535)
At July 1, 2018 (restated)	10,151,763	111	1,999	608,623	153,852	632,367	2,885	151,624	11,703,224
Additions	-	-	-	3,693	7,016	11,751	6,015	-	28,475
Disposals	-	-	-	(14,835)	(23,640)	(52,080)	-	-	(90,555)
Assets scrapped	-	-	-	(21,682)	(4,381)	(31,011)	(2,866)	-	(59,940)
Transfer to investment properties (note 7)	(27,286)	-	-	-	-	(219,239)	-	-	(246,525)
Transfer from land development and expenditure (note 12)	-	-	-	-	-	9,442	-	-	9,442
Transfer to land development and expenditure (note 12)	(94,026)	-	-	-	-	-	-	-	(94,026)
Revaluation adjustment	-	-	-	-	-	81,952	-	-	81,952
	10,030,451	111	1,999	575,799	132,847	433,182	6,034	151,624	11,332,047
At June 30, 2019									
- Cost	-	111	1,999	575,799	132,847	433,182	6,034	151,624	1,301,596
- Valuation	10,030,451	-	-	-	-	-	-	-	10,030,451
	10,030,451	111	1,999	575,799	132,847	433,182	6,034	151,624	11,332,047
DEPRECIATION									
At July 1, 2018	-	100	836	544,459	145,677	418,282	-	151,624	1,260,978
Charge for the year	-	-	20	16,800	4,448	27,172	-	-	48,440
Disposal adjustments	-	-	-	(12,996)	(23,640)	(35,246)	-	-	(71,882)
Transfer to investment properties (note 7)	-	-	-	-	-	(48,449)	-	-	(48,449)
Revaluation adjustment	-	-	-	-	-	(33,214)	-	-	(33,214)
Adjustment for scrapped assets	-	-	-	(21,682)	(4,381)	(29,880)	-	-	(55,943)
At June 30, 2019	-	100	856	526,581	122,104	298,665	-	151,624	1,099,930
NET BOOK VALUE									
At June 30, 2019	10,030,451	11	1,143	49,218	10,743	134,517	6,034	-	10,232,117

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

- (b) THE HOLDING COMPANY (CONT'D)
- (iii) No assets have been acquired under finance leases in 2019.
- (iv) Leased assets included in property, plant and equipment:

	Transport Equipment	
	2020	2019
	Rs.'000	Rs.'000
Cost	-	4,920
Accumulated depreciation	-	(4,059)
Net book amount	-	861

On adoption of IFRS 16, assets under finance leases were reclassified to right-of-use assets in note 6.

- (v) Freehold land of the Company have been valued at their open market value as at June 30, 2016 by JPW International Ltd, Independent Property Surveyor, in association with Professional Valuers Co Ltd.

The fair value of the land was based on its market value, which is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The market value of the land was derived using the following approach:

- a) The Comparative Method of Valuation involves the assessment of the property based on sale comparable in the neighbourhood and adjusted to reflect its location, characteristics and size;
- b) The Residual Method of Valuation involves the discounted cash flow analysis; and
- c) The Income Capitalisation Approach takes a property's forecast net operating income and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan to value ratios which is capitalised at an appropriate rate of return to produce a capital value.

Details of the Company's property, plant and equipment measured at fair value and information about the fair value hierarchy as at June 30, 2020 are as follows:

	2020	2019
	Level 3	Level 3
	Rs.'000	Rs.'000
Freehold land	9,874,558	10,030,451

The revaluation surplus was credited to revaluation surplus in shareholders' equity.

The fair value of land is classified in level 3 of the fair value hierarchy as it has been valued using significant unobservable valuation input.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(b) THE HOLDING COMPANY (CONT'D)

The most significant unobservable inputs for the valuation of land are as follows:

Use of land	Significant unobservable input	Range of unobservable input Rs.'000/Arpent
Agricultural	Price per Arpent	366 - 1,478
Shrubs, bareland and hunting grounds	Price per Arpent	94 - 1,430
Office and operations	Price per Arpent	375 - 4,500
River reserves and reservoir	Price per Arpent	38 - 375

Significant increases/(decreases) in the unobservable inputs in isolation would result in a significant higher/(lower) fair value.

	Impact on fair value	
	2020	2019
	Rs.'000	Rs.'000
Increase of 5% in price per Arpent	493,728	501,523
Decrease of 5% in price per Arpent	(493,728)	(501,523)

The movement in the opening balance and closing balance of the property, plant and equipment categorised within level 3 of the fair value hierarchy are as follows:

Level 3	2020	2019
	Rs.'000	Rs.'000
At July 1,	10,030,451	10,151,763
Disposals	(42,496)	-
Transfer to land development and expenditure	-	(94,026)
Transfer to investment properties	-	(27,286)
Transfer from land carried at cost and improvement to land	8,815	-
Revaluation adjustment	(122,212)	-
At June 30,	9,874,558	10,030,451

(vi) If the property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

	2020	2019
	Rs.'000	Rs.'000
Freehold land	274,674	275,120

(vii) The property, plant and equipment of the Company have been pledged as security for borrowings.

(viii) Depreciation charge has been charged in operating expenses.

(ix) If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Impairment losses on property, plant and equipment comprise of impairment of Rs.19,633,000 (2019: Rs.66,906,000) on assets for which no future economic benefits are expected to be derived and Rs.48,999,000 arising on the impairment assessment of the hotel resort of Tamarina Beach Club Hotel Limited.

The recoverable amount of the Tamarina, within the leisure segment, of Rs. 261,001,000 as at June 30, 2020 has been determined based on a value in use calculation using cash flow projections from cash flow forecasts approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the effect of COVID-19 including border closure and expected recovery from the economic downturn. The discount rate applied to cash flow projections is 8.77% and cash flows beyond the five-year period are extrapolated using a 2.0% growth rate. As a result of the assessment, an impairment charge of Rs.48,999,000 in the current year against property, plant and equipment with a carrying amount of Rs.310,000,000 as at June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

6. RIGHT-OF-USE ASSETS

(a)

(i) THE GROUP

COST

At July 1, 2019

- effect of adopting IFRS 16

- as restated

Additions

At June 30, 2020

DEPRECIATION

At July 1, 2019

- effect of adopting IFRS 16

- as restated

Charge for the year

At June 30, 2020

NET BOOK VALUES

At June 30, 2020

	Buildings	Motor vehicles	Transport equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019	-	-	-	-
- effect of adopting IFRS 16	3,256	29,716	4,920	37,892
- as restated	3,256	29,716	4,920	37,892
Additions	-	1,824	-	1,824
At June 30, 2020	3,256	31,540	4,920	39,716
DEPRECIATION				
At July 1, 2019	-	-	-	-
- effect of adopting IFRS 16	-	-	4,059	4,059
- as restated	-	-	4,059	4,059
Charge for the year	2,605	10,034	861	13,500
At June 30, 2020	2,605	10,034	4,920	17,559
NET BOOK VALUES				
At June 30, 2020	651	21,506	-	22,157

(ii) THE HOLDING COMPANY

COST

At July 1, 2019

- effect of adopting IFRS 16

- as restated

Additions

At June 30, 2020

DEPRECIATION

At July 1, 2019

- effect of adopting IFRS 16

- as restated

Charge for the year

At June 30, 2020

NET BOOK VALUES

At June 30, 2020

	Motor vehicles	Transport equipment	Total
	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019	-	-	-
- effect of adopting IFRS 16	25,709	4,920	30,629
- as restated	25,709	4,920	30,629
Additions	1,824	-	1,824
At June 30, 2020	27,533	4,920	32,453
DEPRECIATION			
At July 1, 2019	-	-	-
- effect of adopting IFRS 16	-	4,059	4,059
- as restated	-	4,059	4,059
Charge for the year	8,935	861	9,796
At June 30, 2020	8,935	4,920	13,855
NET BOOK VALUES			
At June 30, 2020	18,598	-	18,598

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(b) Lease liabilities

(i) THE GROUP

	Buildings	Motor vehicles	Transport equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019	-	-	-	-
- effect of adopting IFRS 16	3,256	29,716	1,813	34,785
- as restated	3,256	29,716	1,813	34,785
Additions	-	1,824	-	1,824
Interest expense	125	1,576	86	1,787
Lease payments	(2,709)	(10,982)	(668)	(14,359)
At June 30, 2020	672	22,134	1,231	24,037
Analysed as follows:				
Non-current	-	12,228	616	12,844
Current	672	9,906	615	11,193
	672	22,134	1,231	24,037

(ii) THE HOLDING COMPANY

	Motor vehicles	Transport equipment	Total
	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019	-	-	-
- effect of adopting IFRS 16	25,709	1,813	27,522
- as restated	25,709	1,813	27,522
Additions	1,824	-	1,824
Interest expense	1,398	86	1,484
Lease payments	(9,784)	(668)	(10,452)
At June 30, 2020	19,147	1,231	20,378
Analysed as follows:			
Non-current	10,162	616	10,778
Current	8,985	615	9,600
	19,147	1,231	20,378

(iii) Nature of leasing activities (in the capacity as lessee)

The Group leases a building which it operates as a retail outlet. The Group also leases motor vehicles and transport equipment. In the contract for services with distributors, the contract contain a lease of motor vehicles and transport equipment. Lease of motor vehicles and transport equipment comprise only fixed payments over the lease terms. There is no impact on the carrying amount of lease liabilities and right-of-use assets on the reporting date as the Group is not subject to lease payments that are variable. The Group did not provide residual value guarantees in relation to leases.

(iv) Extension and termination options,

Extension and termination options are included in certain leases of motor vehicles across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(v) Lease term

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).

For leases of motor vehicles, the factor the most relevant is the historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there was no financial effect as no lease terms was revised.

(iv) Interest expense

	THE GROUP	THE HOLDING COMPANY
	2020	2020
	Rs.'000	Rs.'000
Interest expense (included in finance cost)	1,787	1,484

The total cash outflows for leases in 2020 was Rs.14,359,000 for the Group and Rs.10,452,000 the Company respectively.

7. INVESTMENT PROPERTIES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
VALUATION				
At July 1,	4,606,425	2,965,055	1,162,899	1,017,642
Additions	31,483	360,595	6,854	-
Adjustment	(24,981)	-	-	-
(Decrease)/increase in fair value	(35,311)	226,146	121,561	(29,288)
Transfer from property, plant and equipment (note 5 (a) & (b))	715,607	824,111	-	198,076
Transfer to property, plant and equipment (note 5 (a))	(657,070)	(315)	-	-
Transfer from land development inventories (note 12)	391,670	262,076	15,061	7,712
Transfer to land development inventories (note 12)	(194,053)	(31,243)	-	(31,243)
At June 30,	4,833,770	4,606,425	1,306,375	1,162,899

(a) Details of the Group's investment properties measured at fair value and information about the fair value hierarchy as at June 30, 2020 are as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
- Land	1,052,400	886,914	953,400	791,739
- Shopping mall, business park, educational buildings and other buildings	3,781,370	3,719,511	352,975	371,160
Total	4,833,770	4,606,425	1,306,375	1,162,899

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

7. INVESTMENT PROPERTIES (CONT'D)

The land been valued by Elevante Property Services Ltd, Independent Property Valuer, at their open market value at June 30, 2020.

As at June 30, 2020, the fair value of the investment properties is based on its market value, which is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The market value of the land was derived using the following approach:

- (i) The Comparative Method of Valuation involves the assessment of the property based on sale comparable in the neighbourhood and adjusted to reflect its location, characteristics and size;
- (ii) The Residual Method of Valuation involves the discounted cash flow analysis; and
- (iii) The Income Capitalisation Approach takes a property's forecast net operating income and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan to value ratios which is capitalised at an appropriate rate of return to produce a capital value.

The buildings have been valued by Elevante Property Services Ltd, Independent Property Valuer, at their open market value at June 30, 2020, with the exception for certain buildings which were valued internally by management.

The methods of valuation used to value the buildings are firstly, the comparative method of valuation which involves the assessment of the retail floor space based on comparison of sales of office, retail and commercial spaces within the building or in close proximity to the property adjusted to reflect its characteristics, condition, floor and size and secondly, the investment method of valuation which involves the capitalisation of the rental income adjusted to take account of outgoings/taxes where applicable, at the estimated current rate of return expected from such properties. The most significant inputs into the valuation approach is price per square metre and rental income per square metre respectively.

The fair value of land is classified in level 3 of the fair value hierarchy as it has been valued using unobservable market data and the fair value of buildings is classified in level 3 of the fair value hierarchy as it has been valued by management using both costs and other valuation techniques.

There were no transfers between level 1, 2 or 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

7. INVESTMENT PROPERTIES (CONT'D)

Valuation techniques and key inputs

Valuation technique	Fair value		Inputs	Range	
	2020	2019		2020	2019
	Rs.'000	Rs.'000		Rs.'000	Rs.'000
Comparative method	1,052,400	886,914	Price per Arpent	386-4,455	586 - 6,750
Income capitalisation	3,470,328	3,719,511	Discount rate	10.0% - 12.0%	11.25% - 12.4%
			Yield	7.0% - 9.0%	7.0% - 8.0%

The table below shows the sensitivity of the properties to a reasonably possible change in the inputs. The sensitivity assumes that the changes in one input are in isolation to other inputs.

		Effect on fair value	
		2020	2019
		Rs.'000	Rs.'000
Price per Arpent	+5%	52,620	44,346
	-5%	(52,620)	(44,346)
Discount rate	+0.50 bps	(100,076)	(38,624)
	-0.50 bps	100,076	40,727
Yield	+0.50 bps	(150,321)	(36,537)
	-0.50 bps	123,970	41,636

The movements in the opening balance and closing balance of the investment properties categorised in level 3 of the fair value hierarchy during the year are as follows:

THE GROUP	2020	2019
	Level 3	Level 3
	Rs.'000	Rs.'000
At July 1,	4,606,425	2,965,055
Additions	31,483	360,595
Adjustment	(24,981)	-
(Decrease)/increase in fair value	(35,311)	226,146
Transfer from property, plant and equipment	715,607	824,111
Transfer to property, plant and equipment	(657,070)	(315)
Transfer from land development inventories	391,670	262,076
Transfer to land development inventories	(194,053)	(31,243)
At June 30,	4,833,770	4,606,425

THE HOLDING COMPANY	2020	2019
	Rs.'000	Rs.'000
	Rs.'000	Rs.'000
At July 1,	1,162,899	1,017,642
Additions	6,854	-
Increase/(decrease) in fair value	121,561	(29,288)
Transfer from property, plant and equipment	-	198,076
Transfer from land development inventories	15,061	7,712
Transfer to land development inventories	-	(31,243)
At June 30,	1,306,375	1,162,899

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

7. INVESTMENT PROPERTIES (CONT'D)

- (b) Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.
- (c) Rental income from the investment properties amounted to Rs.297,997,000 (2019: Rs.240,112,000) for the Group and Rs.43,502,000 (2019: Rs.46,904,000) for the company (note 27(b)). Direct operating expenses in respect of investment properties amounted to Rs.117,515,000 (2019: Rs.91,327,000) for the Group and Rs.13,743,000 (2019: Rs.18,355,000) for the company.
- (d) The investment properties have been pledged as security for borrowings.

8. INTANGIBLE ASSETS

(a) THE GROUP

	2020				
	Land conversion rights	Computer software	Work-in-progress	Goodwill	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST					
At July 1, 2019	156,136	23,624	-	31,881	211,641
Additions	-	1,209	7,298	-	8,507
Assets scrapped	-	(2,854)	-	-	(2,854)
Impairment losses (note 8(e) & 32)	-	-	-	(31,881)	(31,881)
Transfer from assets classified as held-for-sale	-	1,137	-	-	1,137
At June 30, 2020	156,136	23,116	7,298	-	186,550
AMORTISATION					
At July 1, 2019	-	15,743	-	-	15,743
Charge for the year	-	3,114	-	-	3,114
Adjustment for assets scrapped	-	(2,460)	-	-	(2,460)
Transfer from assets classified as held-for-sale	-	833	-	-	833
At June 30, 2020	-	17,230	-	-	17,230
NET BOOK VALUE					
At June 30, 2020	156,136	5,886	7,298	-	169,320

	2019			
	Land conversion rights	Computer software	Goodwill	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST				
At July 1, 2018	-	34,568	30,000	64,568
Additions	156,136	3,304	-	159,440
Acquisition through business combination (note 41)	-	9,439	31,881	41,320
Assets scrapped	-	(2,184)	-	(2,184)
Impairment losses (note 32)	-	(20,366)	(30,000)	(50,366)
Transfer to assets classified as held-for-sale	-	(1,137)	-	(1,137)
At June 30, 2019	156,136	23,624	31,881	211,641

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

8. INTANGIBLE ASSETS (CONT'D)

(a) THE GROUP

	2019			
	Land conversion rights	Computer software	Goodwill	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
AMORTISATION				
At July 1, 2018	-	21,224	-	21,224
Acquisition through business combination	-	8,278	-	8,278
Charge for the year	-	4,726	-	4,726
Adjustment for assets scrapped	-	(2,184)	-	(2,184)
Impairment losses (note 32)	-	(15,468)	-	(15,468)
Transfer to assets classified as held-for-sale	-	(833)	-	(833)
At June 30, 2019	-	15,743	-	15,743
NET BOOK VALUE				
At June 30, 2019	156,136	7,881	31,881	195,898

(b) THE HOLDING COMPANY

	2020			
	Land conversion rights	Computer software	Work-in- progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST				
At July 1, 2019	156,136	2,917	-	159,053
Additions	-	988	7,298	8,286
Assets scrapped	-	(631)	-	(631)
At June 30, 2020	156,136	3,274	7,298	166,708
AMORTISATION				
At July 1, 2019	-	518	-	518
Charge for the year	-	380	-	380
Assets scrapped	-	(237)	-	(237)
At June 30, 2020	-	661	-	661
NET BOOK VALUE				
At June 30, 2020	156,136	2,613	7,298	166,047

(b) THE HOLDING COMPANY

	2019			
	Land conversion rights	Computer software	Goodwill	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST				
At July 1, 2018	-	21,102	30,000	51,102
Additions	156,136	2,181	-	158,317
Impairment losses (note 32)	-	(20,366)	(30,000)	(50,366)
At June 30, 2019	156,136	2,917	-	159,053
AMORTISATION				
At July 1, 2018	-	14,429	-	14,429
Charge for the year	-	1,557	-	1,557
Impairment losses (note 32)	-	(15,468)	-	(15,468)
At June 30, 2019	-	518	-	518
NET BOOK VALUE				
At June 30, 2019	156,136	2,399	-	158,535

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

8. INTANGIBLE ASSETS (CONT'D)

- (c) Amortisation charge has been charged in operating expenses.
- (d) The above intangible assets have been pledged as security for borrowings.
- (e) The Group performed its annual impairment test on intangible assets with indefinite useful life and goodwill as at June 30, 2020. The goodwill is attributable to Concorde Tourist Guide Agency Limited, which is engaged in the provision of travel and tourism services and classified under the leisure segment. The operations of Concorde Tourist Guide Agency Limited were severely affected in 2020 by COVID-19 pandemic and the measures taken to mitigate its effect.

The Group tests goodwill for impairment annually by comparing the recoverable amount of the cash generating unit with their carrying amount. The Group determined that the recoverable amount of Concorde Tourist Guide Agency Limited is represented by its net assets at June 30, 2020. Consequently, this resulted in the full impairment of the goodwill which amounted to Rs 31,881,000.

- (f) The Group performed its annual impairment test on intangible assets with indefinite useful life and goodwill as at June 30, 2020. The goodwill is attributable to Concorde Tourist Guide Agency Limited, which is engaged in the provision of travel and tourism services and classified under the leisure segment. The operations of Concorde Tourist Guide Agency Limited were severely affected in 2020 by COVID-19 pandemic and the measures taken to mitigate its effect.

The Group tests goodwill for impairment annually by comparing the recoverable amount of the cash generating unit with their carrying amount. The Group determined that the recoverable amount of Concorde Tourist Guide Agency Limited is represented by its net assets at June 30, 2020. Consequently, this resulted in the full impairment of the goodwill which amounted to Rs 31,881,000.

9. INVESTMENTS IN SUBSIDIARIES

	THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
Unquoted		
At July 1,	6,292,698	6,024,616
Additions (note (i))	374,797	268,082
Disposals	(429,019)	-
Impairment losses (note 32)	(286,719)	-
At June 30,	5,951,757	6,292,698

- (i) Additional investments made in existing subsidiaries were as follows:

	THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
Cascaville Shopping Mall Limited	140,000	131,004
Uniciti Ltd	12,456	-
Forestia Estate Ltd	64,500	-
Tamarina Leisure Properties Ltd	157,841	-
Concorde Tourist Guide Agency Limited	-	137,078
	374,797	268,082

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the year 2020, the Company made several additional investments in already wholly owned subsidiaries. Investments of Rs 140,000,000, Rs 12,456,000 and Rs 64,500,000 were made respectively in Cascavelle Shopping Mall, Unicity Ltd and in Forestia Estate Ltd. A further investment of Rs 157,841,000 was made in Tamarina Leisure Properties Ltd which acquired the hotel complex of Tamarina Beach Club Hotel Limited.

In the year 2019, the Company acquired a 50.16% interest in Concorde Tourist Guide Agency Limited for Rs.136,937,000. The Company further acquired an additional interest of 0.07% for Rs.141,000 during the year (note 42(a)). In 2019, the Company has also acquired additional shares in Cascavelle Shopping Mall Limited for a consideration of Rs 131,002,000 which is now a wholly owned subsidiary.

- (ii) The impairment assessment of each cash generating unit is based mainly on the projected discounted future cash flows and also takes into account the difficult economic environment.

The outbreak of COVID-19 has caused disruption in the Group's operations and consequently the Company performed an impairment assessment on all of its investments in its subsidiaries. The impairment losses recorded on investment in subsidiaries comprise of:

	2020
	Rs.'000
Cascavelle Shopping Mall Limited	127,957
Pierrefonds Estate Company Limited	36,083
Concorde Tourist Guide Agency Limited	63,858
Tamarina	56,661
Societe Reufac	2,160
	286,719

Management has used the net asset value as recoverable amount for Cascavelle Shopping Mall Limited and Pierrefonds Estate Company Limited as the main underlying assets are investment properties which are carried at fair value classified under the level 3 of the fair value hierarchy. The principal assumptions, including the discounts rates used in the fair value of the investment properties, are disclosed in note 7.

The carrying amount of investment held in Concorde Tourist Guide Agency Limited has been impaired to its recoverable amount determined as the net asset value of the subsidiary.

Tamarina includes Tamarina Beach Club Hotel Limited, Tamarina Leisure Properties Ltd, Tamarina Golf Club Limited and Tamarina Golf Estate Company Limited. The impairment has been based on the value in use. The assumptions including the discount rate has been described in note 5.

The recoverable amount of Societe Reufac has been assessed at nil and thus the investment has been fully impaired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries and the % shareholding are as follows:

Name of Company	Main business	Place of business	Stated Capital Rs. '000	Cost of investment Rs. '000	Proportion of ownership interest		Proportion of ownership interest held by non-controlling interests	
					2020	2019	2020	2019
Societe Reufac	Loading zone	Bambous	3,000	2,160	72%	Direct	28%	28%
The Medine Sugar Milling Company Limited	Sugar millers	Bambous	200,000	160,000	80%	Direct	20%	20%
Tamarina Golf Estate Company Limited	Construction of luxury villas for sale	Tamarin	35,700	35,700	100%	Direct	-	-
Tamarina Golf Club Limited	Golf course services	Tamarin	15,529	15,529	100%	Direct	-	-
Tamarina Beach Club Hotel Limited	Hotel resort	Tamarin	7,491	7,491	100%	Direct	-	-
Clarens Fields Ltd	Rental of office buildings	Cascavelle	127,500	127,500	100%	Direct	-	-
Cascavelle Shopping Mall Limited	Rental of commercial buildings	Cascavelle	485,800	465,916	100%	Direct	-	-
Uniciti Education Hub Ltd	Training and educational services	Pierrefonds	4,000	4,000	100%	Direct	-	-
Tamarina Leisure Properties Ltd	Real Estate activity	Bambous	211,591	166,951	100%	Direct	-	-
Casela Limited	Casela nature and leisure park	Cascavelle	1,061,025	1,061,025	100%	Direct	-	-
Le Cabinet Ltd	Hunting services	Cascavelle	2,076	18,000	100%	Direct	-	-
Uniciti Residential Properties Ltd	Rental of residential properties	Cascavelle	25	25	100%	Indirect	-	-
Uniciti Education Properties Ltd	Rental of educational properties	Cascavelle	451,025	451,025	100%	Indirect	-	-
Uniciti Eduhousing Ltd	Rental of residential properties	Cascavelle	374,025	374,025	100%	Indirect	-	-
Uniciti Ltd	Land promoter and property developer	Cascavelle	3,915,021	3,915,021	100%	Direct	-	-
Pierrefonds Estates Company Limited	Land promoter and property developer	Cascavelle	213,025	213,025	100%	Direct	-	-
Uniciti Office Park Ltd	Real Estate activity	Cascavelle	359,525	359,525	100%	Indirect	-	-
Uniciti Commercial Properties Ltd	Real Estate activity	Cascavelle	36,025	36,025	100%	Indirect	-	-
Uniciti Sports and Cultural Properties Ltd	Restaurant, sports club and recreation	Cascavelle	180,025	180,025	100%	Indirect	-	-
Forestia Estate Ltd	Real Estate activity	Dormant	64,525	64,525	100%	Direct	-	-
Uniciti Management Services Co Ltd	Management Consultancy Services	Dormant	25	25	100%	Indirect	-	-
Concorde Tourist Guide Agency Limited	Travel and tourism services	Floreal	7,766	137,078	50.2%	Direct	49.8%	49.8%

Ordinary shares are held in the above subsidiaries. The Group holds 72% of the share capital of Societe Reufac.

The year end of all the subsidiaries, which are incorporated in Mauritius, is June 30.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests

Detail of subsidiaries that have non-controlling interests that are material to the entity:

Name of Company	Profit/(loss) allocated to non-controlling interests during the period	Accumulated non- controlling interests
	Rs.'000	Rs.'000
2020		
The Medine Sugar Milling Company Limited	(12,531)	(99,976)
Concorde Tourist Guide Agency Limited	(22,896)	72,593
2019		
The Medine Sugar Milling Company Limited	(1,001)	(87,445)
Cascavelle Shopping Mall Limited	4,240	-
Concorde Tourist Guide Agency Limited	1,587	95,431

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

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

Name of Company	Current assets	Non- current assets	Current liabilities	Non- current liabilities	Revenue	(Loss)/profit for the year	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non- controlling interests
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2020									
The Medine Sugar Milling Company Limited	72,803	-	572,682	-	17,323	(21,124)	(41,529)	(62,653)	-
Concorde Tourist Guide Agency Limited	203,268	31,073	49,393	39,178	108,443	(23,386)	(9,386)	(32,772)	6,580
2019									
The Medine Sugar Milling Company Limited	103,201	-	540,428	-	146,848	(5,007)	-	(5,007)	-
Cascavelle Shopping Mall Limited	19,241	1,166,874	365,974	411,524	89,005	124,021	-	124,021	-
Concorde Tourist Guide Agency Limited	252,465	41,640	37,194	65,167	81,157	3,180	-	3,180	6,580

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

(ii) Summarised cash flow information

Name of Company	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2020				
The Medine Sugar Milling Company Limited	(11,957)	-	13,785	1,828
Concorde Tourist Guide Agency Limited	(14,103)	(5,662)	12,642	(7,123)
2019				
The Medine Sugar Milling Company Limited	(37,888)	(403)	28,735	(9,556)
Cascavelle Shopping Mall Limited	12,259	(189,209)	178,006	1,056
Concorde Tourist Guide Agency Limited	1,847	(7,197)	(13,202)	(18,552)

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

10. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) At July 1,	144,714	145,733	117,820	124,939
Additions	4,000	-	-	-
Impairment (note 32)	-	-	(11,910)	-
Share of profit net of tax	475	11,004	-	-
Share of dividends	(4,000)	(10,000)	-	-
Disposal of associate (note (i))	-	(1,500)	-	(7,119)
Share of reserves (note 38)	-	(523)	-	-
At June 30,	145,189	144,714	105,910	117,820

(i) In June 2019, the Company has disposed of its 50% interest in The Indian Ocean Rum Company Limited.

(b) The associated companies are as follows:

Name of Company	Nature of business	Place of business	Class of shares held	Ownership interest and voting power	
				2020	2019
Safari Adventures Limited	Leisure activities	Cascavelle	Ordinary shares	40% Indirect	40% Indirect
Broll Property and Facility Management Limited	Property Management Services	Cascavelle	Ordinary shares	50% Direct	50% Direct
Middlesex International (JSS) Mauritius Ltd	Education	Ebene	Ordinary shares	49% Direct	49% Direct
Akuo Energy Solution (Mauritius) Ltd	Solar power	Henrietta	Ordinary shares	50% Direct	50% Direct
Akuo Austral (Mauritius) Limited	Solar power	Henrietta	Ordinary shares	49% Direct	49% Direct
MCB Institute of Finance Ltd	Training	Pierrefonds	Ordinary shares	20% Direct	-

All of the above associates are accounted using the equity method and there are no quoted market price for their shares.

The accounts of the associates used in the equity accounting have been drawn for the year ended June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

10. INVESTMENTS IN ASSOCIATES (CONT'D)

(c) Summarised financial information in respect of each of the material associates is set out below.

Name	Current Assets Rs.'000	Non-current Assets Rs.'000	Current Liabilities Rs.'000	Non-current Liabilities Rs.'000	Revenues Rs.'000	Profit/(loss) for the year Rs.'000	Other Comprehensive income Rs.'000	Total Comprehensive income Rs.'000	Dividends received during the year Rs.'000
2020									
Safari Adventures Limited	18,911	18,712	(1,993)	(2,652)	59,197	1,718	-	1,718	4,000
Broll Property and Facility Management Limited	17,846	2,780	(11,685)	-	34,680	(6,141)	-	(6,141)	-
Akuo Energy Solution (Mauritius) Ltd	3,642	-	(6,652)	-	3,892	(6,937)	-	(6,937)	-
Akuo Austral (Mauritius) Limited	22	197,708	(136)	(208,566)	-	(5,553)	-	(5,553)	-
Middlesex International (JSS) Mauritius Ltd	109,019	4,177	(92,094)	-	201,403	17,343	-	17,343	-
MCB Institute of Finance Ltd	15,950	295	(5,857)	-	-	(9,612)	-	(9,612)	-
2019									
Safari Adventures Limited	43,178	21,455	(21,377)	(1,996)	87,608	25,217	-	25,217	10,000
The Indian Ocean Rum Company Limited	13,002	294	(5,896)	(2,252)	10,925	(7,717)	(1,045)	(8,762)	-
Broll Property and Facility Management Limited	29,396	12,270	26,199	386	53,335	4,950	-	4,950	-
Akuo Energy Solution (Mauritius) Ltd	30,067	35	26,175	-	87,132	3,902	-	3,902	-
Akuo Austral (Mauritius) Limited	159,217	10	(5,160)	(159,611)	-	(5,553)	-	(5,553)	-
Middlesex International (JSS) Mauritius Ltd	94,582	4,738	(95,561)	-	172,305	10,441	-	10,441	-

The summarised financial information above represents amounts shown in the associates' financial statements prepared in accordance with IFRS.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

10. INVESTMENTS IN ASSOCIATES (CONT'D)

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

Name	Opening net assets July 1,	Issue of share capital	Total comprehensive income	Dividend for the year	Disposal of investment	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	Rs.'000
2020										
Safari Adventures Limited	41,260	-	1,718	(10,000)	-	32,978	40%	13,191	17,471	30,662
Broll Property and Facility Management Limited	15,082	-	(6,141)	-	-	8,941	50%	4,471	(4,471)	-
Middlesex International (JSS) Mauritius Ltd	3,759	-	17,343	-	-	21,102	49%	10,340	102,109	112,449
Akuo Energy Solution (Mauritius) Ltd	3,927	-	(6,937)	-	-	(3,010)	50%	(1,505)	1,505	-
Akuo Austral (Mauritius) Limited	(5,543)	-	(5,429)	-	-	(10,972)	49%	(5,376)	5,376	-
MCB Institute of Finance Ltd	-	20,000	(9,612)	-	-	10,388	20%	2,078	-	2,078
Total	58,485	20,000	(9,058)	(10,000)	-	59,427		23,199	121,990	145,189
2019										
Safari Adventures Limited	46,157	-	20,103	(25,000)	-	41,260	40%	16,504	17,471	33,975
The Indian Ocean Rum Company Limited	11,762	-	(8,762)	-	(3,000)	-	50%	-	-	-
Broll Property and Facility Management Limited	10,132	-	4,950	-	-	15,082	50%	7,541	-	7,541
Middlesex International (JSS) Mauritius Ltd	(6,682)	-	10,441	-	-	3,759	49%	1,842	102,109	103,951
Akuo Energy Solution (Mauritius) Ltd	25	-	3,902	-	-	3,927	50%	1,964	-	1,964
Akuo Austral (Mauritius) Limited	10	-	(5,553)	-	-	(5,543)	49%	(2,716)	-	(2,716)
Total	61,404	-	25,081	(25,000)	(3,000)	58,485		25,135	119,580	144,715

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Equity investments at fair value through other comprehensive income:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	114,353	106,924	96,353	106,916
Disposal	-	(5,140)	-	(5,132)
Increase/(decrease) in fair value (notes 38)	22,723	(5,431)	27,223	(5,431)
Acquisition through business combination	-	18,000	-	-
At June 30,	137,076	114,353	123,576	96,353

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

	Country of Incorporation	THE GROUP		THE HOLDING COMPANY	
		2020	2019	2020	2019
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Quoted:					
Equity securities	Mauritius	117,123	89,900	117,123	89,900
Unquoted:					
Equity securities	Mauritius	6,453	6,453	6,453	6,453
Equity securities	Reunion	13,500	18,000	-	-
		19,953	24,453	6,453	6,453
		137,076	114,353	123,576	96,353

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

(d) The fair value of quoted securities is based on published market prices.

The quoted securities include the following:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Constance Hotel Services Ltd	952	952	952	952
C-Care (Mauritius) Ltd	56,191	36,770	56,191	36,770
Mauritius Freeport Development Co Ltd	41,436	33,222	41,436	33,222
The United Basalt Products Ltd	18,504	18,900	18,504	18,900
State Bank of Mauritius	40	56	40	56
	117,123	89,900	117,123	89,900

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(e) The unquoted securities include the following:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
SAS Voyages Reunion	13,500	18,000	-	-
Other unquoted equity investments	6,453	6,453	6,453	6,453
	19,953	24,453	6,453	6,453

The directors are of opinion that the cost of the other unquoted securities represent their fair value since these represent the price that the Group will obtain.

(f) All fair value through other comprehensive income financial assets are denominated in Rupee except for SAS Voyages Reunion which is denominated in Euro.

(g) **Investment in Fondation Medine Horizons**

Details of the investment are as follows:

	Country of Incorporation	Class of shares held	Stated Capital Rs'000	Nominal value of investment Rs'000	% Holding 2020 & 2019
Fondation Medine Horizons	Mauritius	Ordinary	25	25	100%

Though Medine Limited holds 100% of the share capital of Fondation Medine Horizons, Fondation Medine Horizons is not considered as a subsidiary company of Medine Limited, as no portion of the income, property and funds of Fondation Medine Horizons shall be paid or transferred to Medine Limited. Thus it is concluded that the Group does not control Fondation Medine Horizons as it is not 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.

(h) **Fair value hierarchy**

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
2020				
Quoted securities	117,123	-	-	117,123
Unquoted securities	-	-	19,953	19,953
	117,123	-	19,953	137,076
2019				
Quoted securities	89,900	-	-	89,900
Unquoted securities	-	-	24,453	24,453
	89,900	-	24,453	114,353
THE HOLDING COMPANY				
2020				
Quoted securities	117,123	-	-	117,123
Unquoted securities	-	-	6,453	6,453
	117,123	-	6,453	123,576
2019				
Quoted securities	89,900	-	-	89,900
Unquoted securities	-	-	6,453	6,453
	89,900	-	6,453	96,353

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

(h) Fair value hierarchy (cont'd)

The movement in the opening balance and closing balance of the financial assets measured at fair value through other comprehensive income categorised within level 3 of the fair value hierarchy are as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Level 3				
At July 1,	24,453	7,518	6,453	7,510
Disposal	-	(1,065)	-	(1,057)
Acquisition through business combination	-	18,000	-	-
Fair value adjustment	(4,500)	-	-	-
At June 30,	19,953	24,453	6,453	6,453

There were no transfers between level 1, 2 or 3 during the year.

The fair value of the investment in SAS Voyages Reunion has been determined using dividend yield model. The Group determines an appropriate dividend yield based on industry, size and other relevant factors and adjusted for lack of marketability. The adjusted multiple is applied to the average yearly dividend.

(i) Valuation method

Valuation techniques and key inputs

Valuation technique	Inputs	Change in inputs	Effect on fair value	
			2020	2019
			Rs.'000	Rs.'000
Dividend yield	Dividend yield	+0.5%	(1,329)	(1,654)
		-0.5%	1,376	2,026

12. LAND DEVELOPMENT INVENTORIES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Land development inventories	2,015,280	2,464,344	1,850,917	1,768,067
Analysed as follows:				
Current portion	556,658	224,381	161,435	148,505
Non-current portion	1,458,622	2,239,963	1,689,482	1,619,562
	2,015,280	2,464,344	1,850,917	1,768,067

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

12. LAND DEVELOPMENT INVENTORIES (CONT'D)

Land development inventories

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,				
- as previously stated	1,040,809	1,218,627	344,532	412,642
- prior year adjustment (note 47)	1,423,535	1,423,535	1,423,535	1,423,535
- as restated	2,464,344	2,642,162	1,768,067	1,836,177
Expenditure for the year	477,540	171,561	146,185	34,637
Transfer to profit or loss upon sale of land	(35,968)	(203,130)	(29,819)	(210,862)
Deferred expenditure written off	(359)	-	(359)	-
Provision for impairment (note 12(a) & 32)	(9,281)	-	(9,281)	-
Transfer from property, plant and equipment (note 5)	904,161	94,026	-	94,026
Transfer to property, plant and equipment (note 5)	(1,587,540)	(9,442)	(8,815)	(9,442)
Transfer from investment properties (note 7)	194,053	31,243	-	31,243
Transfer to investment properties (note 7)	(391,670)	(262,076)	(15,061)	(7,712)
At June 30,	2,015,280	2,464,344	1,850,917	1,768,067

- (a) Impairment has been recorded in projects which the Group is not proceeding ahead.
- (b) Borrowing costs of Rs.7,828,000 (2019: Rs.1,022,000) (note 33) arising on the financing of the development costs have been capitalised and have been included in 'Expenditure for the year'. This represents a capitalisation rate of 5.60% (2019: 1%) for the borrowing cost of the loan used to finance land development projects.

13. BIOLOGICAL ASSETS

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
Consumable biological assets		
Non-current		
Other crops and plants	2,176	9,716
Current		
Standing sugar cane crop	113,642	110,340
Other crops and plants	16,749	19,901
	130,391	130,241
Total	132,567	139,957

- (a) The movements in biological assets are as follows:

	THE GROUP AND THE HOLDING COMPANY		
	Standing sugar cane crop	Other crops and plants	Total
	Rs.'000	Rs.'000	Rs.'000
At July 1, 2019	110,340	29,617	139,957
(Decrease)/increase in fair value			
- Due to harvest and sales	(110,340)	(11,023)	(121,363)
- Due to biological transformation	113,642	331	113,973
At June 30, 2020	113,642	18,925	132,567

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

13. BIOLOGICAL ASSETS (CONT'D)

(a) The movements in biological assets are as follows:

	THE GROUP AND THE HOLDING COMPANY		
	Standing sugar cane crop	Other crops and plants	Total
	Rs.'000	Rs.'000	Rs.'000
Non-current	-	1,427	1,427
Current	113,642	17,498	131,140
Total	113,642	18,925	132,567
At July 1, 2018	114,486	30,209	144,695
Expenditure for the year	-	3,503	3,503
(Decrease)/increase in fair value			
- Due to harvest and sales	(114,486)	(45,938)	(160,424)
- Due to biological transformation	110,340	41,843	152,183
At June 30, 2019	110,340	29,617	139,957
Non-current	-	9,716	9,716
Current	110,340	19,901	130,241
Total	110,340	29,617	139,957

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
(b) Number of hectares of sugar cane plantations at year end	3,363	3,447
Tonnage of sugar cane harvested during the year	313,302	272,031

		THE GROUP AND THE HOLDING COMPANY	
		2020	2019
(c) Principal assumptions used are:			
Expected price of sugar (ton)	Rs.	10,000	10,646
Discount rate		5.90%	4.90%
Expected extraction rate (% sugar produced to sugar cane crushed)		10.79%	10.60%
Expected sugar cane yield (ton of sugar cane harvested per hectare)		83.25	86.23

Biological assets have been pledged as security for borrowings.

(d) Details of the Group's biological assets measured at fair value and information about the fair value hierarchy are as follows:

	2020	2019
	Level 3	Level 3
	Rs.'000	Rs.'000
Standing sugar cane crop	113,642	110,340
Other crops and plants	18,925	29,617
Total	132,567	139,957

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

13. BIOLOGICAL ASSETS (CONT'D)

The fair value measurements have been categorised as Level 3 fair values based on unobservable inputs used in the valuation techniques used.

At June 30, 2020, the most significant unobservable inputs used for the valuation are as follows:

Standing sugar cane crop

Valuation technique - Discounted Cash flow

Key unobservable input	Unobservable inputs			Effect on fair value	
	2020	2019	Sensitivity	2020	2019
				Rs.'000	Rs.'000
Sugar cane yield - tons of sugar					
cane harvested per hectare	83.25 tons	86.23 tons	+5%	13,350,103	12,461,451
Extraction rate - % sugar produced to sugar cane crushed	10.79%	10.60%	+0.25%	5,359,405	5,905,901
Price of sugar per ton	Rs.10,000	Rs.10,646	+5%	11,502,332	10,885,919
Discount rate	5.9%	4.9%	+1%	(628,107)	104,351

- (e) The Group is exposed to the following risks relating to its sugar cane plantations:
- (i) Adverse climatic conditions such as droughts, floods and disease outbreaks as the sugar cane plantations are mainly located in the western region of the island.
 - (ii) Fluctuation in the price of sugar, the movement in exchange rate and fluctuation in the volume of sugar produced and sold. The Group has short-term contract in place for supply of sugar to its major customer.
 - (iii) The seasonal nature of the sugar cane growing business requires a high level of cash flow during the inter crop season. The Group actively manages the working capital requirements and has secured sufficient credit facilities sufficient to meet the cash flow requirements.

14. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2019: 17%).

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets	-	(15,227)	-	-
Deferred tax liabilities	17,353	11,063	-	-
	17,353	(4,164)	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

14. DEFERRED INCOME TAXES (CONT'D)

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

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	(4,164)	12,897	-	-
Acquisition of subsidiary	-	(4,189)	-	-
Charged/(credited) to profit or loss (note 35)	21,517	(11,740)	-	-
Credited to other comprehensive income (note 35)	-	(1,132)	-	-
At June 30,	17,353	(4,164)	-	-

(c) Deferred tax assets and liabilities, deferred tax charge/(credit) to profit or loss and deferred tax charge/(credit) to other comprehensive income, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, are attributable to the following items:

THE GROUP	As at July 1, 2019	(Credited)/ charged to profit or loss	As at June 30, 2020
	Rs.'000	Rs.'000	Rs.'000
Deferred income tax liabilities			
Accelerated tax depreciation	29,000	(11,647)	17,353
Asset revaluations	-	-	-
	29,000	(11,647)	17,353
Deferred income tax assets			
Tax losses	(20,838)	20,838	-
Provision for loss allowance	(1,293)	1,293	-
Retirement benefit obligations	(11,033)	11,033	-
	(33,164)	33,164	-
Net deferred income tax liabilities	(4,164)	21,517	17,353

THE GROUP	As at July 1, 2018	Acquisition of subsidiary	Charged/ (Credited) to other comprehensive income	Credited to profit or loss	As at June 30, 2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred income tax liabilities					
Accelerated tax depreciation	23,299	196	-	5,505	29,000
	23,299	196	-	5,505	29,000
Deferred income tax assets					
Tax losses	(6,307)	-	-	(14,531)	(20,838)
Provision for loss allowance	-	-	-	(1,293)	(1,293)
Retirement benefit obligations	(4,095)	(4,385)	(1,132)	(1,421)	(11,033)
	(10,402)	(4,385)	(1,132)	(17,245)	(33,164)
Net deferred income tax liabilities	12,897	(4,189)	(1,132)	(11,740)	(4,164)

(d) Deferred income tax assets are recognised only to the extent that the related tax benefit is probable. The Group and the Company have respectively a net deferred tax assets of Rs.436,543,000 (2019: Rs.197,312,000) and Rs.289,023,000 (2019: Rs.117,638,000) to carry forward against future taxable income which have not been recognised in these accounts due to uncertainty of their recoverability.

Tax losses expire on a rolling basis over 5 years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

14. DEFERRED INCOME TAXES (CONT'D)

- (d) Deferred income tax assets are recognised only to the extent that the related tax benefit is probable. The Group and the Company have respectively a net deferred tax assets of Rs.436,543,000 (2019: Rs.197,312,000) and Rs.289,023,000 (2019: Rs.117,638,000) to carry forward against future taxable income which have not been recognised in these accounts due to uncertainty of their recoverability.

The net deferred tax assets arises as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Tax losses not recognised	1,558,693	623,144	1,062,676	336,788
Timing differences not provided for				
- Retirement benefit obligations	652,267	269,156	542,014	257,302
- Accelerated tax depreciation	356,939	268,358	95,448	168,685
	1,009,206	537,514	637,462	425,987
Total tax losses and timing differences	2,567,899	1,160,658	1,700,138	762,775
Net deferred tax assets at 17% (2019: 17%)	436,543	197,312	289,023	129,672

Tax losses expire on a rolling basis over 5 years.

15. INVENTORIES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Spare parts (realisable value)	1,864	2,986	1,864	2,986
Fertilizers and herbicides (cost)	6,243	7,688	6,243	7,688
General goods and consumables (cost)	16,645	8,435	1,020	413
Others (realisable value)	2,060	742	1,683	398
	26,812	19,851	10,810	11,485

- (a) Inventories have been pledged as security for borrowings.
- (b) The cost of inventories recognised as expense and included in operating expenses amounted to Rs.63,798,000 (2019: Rs.116,722,000) for the Group and Rs.18,944,000 (2019: Rs.34,281,000) for the Company.
- (c) Inventories are stated at the lower of cost and net realisable value as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At cost	35,397	28,436	19,395	20,070
Fall in value	(8,585)	(8,585)	(8,585)	(8,585)
At net realisable value	26,812	19,851	10,810	11,485

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade receivables				
- Sugar and molasses	100,820	62,147	100,820	62,147
- Land transactions	-	232,750	-	232,750
- Others	277,983	212,630	82,246	80,844
	378,803	507,527	183,066	375,741
Allowance for expected credit losses	(26,587)	(15,697)	(4,721)	(2,732)
Trade receivables - net	352,216	491,830	178,345	373,009

(a) *Expected credit losses of trade receivables*

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 and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2020 and June 30, 2019 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. The Group has identified the GDP of the country in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2020 and June 30, 2019 was determined as follows for trade receivables.

THE GROUP	Current	Between 31 days and 60 days past due	Between 61 days and 90 days past due	More than 91 days past due	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2020					
Gross carrying amount					
- Trade receivables	180,448	29,141	15,791	153,423	378,803
- Less: credit impaired	(83)	(83)	(805)	(14,687)	(15,658)
	180,365	29,058	14,986	138,736	363,145
Expected loss rate	0.13%	2.20%	8.09%	6.37%	
Loss allowance	242	640	1,212	8,835	10,929
	Current	Between 31 days and 60 days past due	Between 61 days and 90 days past due	More than 91 days past due	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2019					
Gross carrying amount					
- Trade receivables	366,618	48,733	17,591	74,585	507,527
- Less: credit impaired	(1,560)	(2,015)	(1,273)	(1,668)	(6,516)
	365,058	46,718	16,318	72,917	501,011
Expected loss rate	0.00%	2.68%	1.46%	10.49%	
Loss allowance	-	1,254	238	7,649	9,141

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Expected credit losses of trade receivables (cont'd)

THE HOLDING COMPANY

	Current	Between 31 days and 60 days past due	Between 61 days and 90 days past due	More than 91 days past due	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2020					
Gross carrying amount					
- Trade receivables	127,778	11,193	2,469	41,626	183,066
- Less: credit impaired	-	-	-	(4,588)	(4,588)
	127,778	11,193	2,469	37,038	178,478
Expected loss rate	0.01%	0.02%	0.02%	0.33%	0.07%
Loss allowance	10	2	-	121	133

THE HOLDING COMPANY

	Current	Between 31 days and 60 days past due	Between 61 days and 90 days past due	More than 91 days past due	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2019					
Gross carrying amount					
- Trade receivables	300,556	17,388	9,442	48,355	375,741
- Less: credit impaired	-	-	-	(1,611)	(1,611)
	300,556	17,388	9,442	46,744	374,130
Expected loss rate	0.07%	1.84%	4.78%	0.31%	
Loss allowance	198	320	451	152	1,121

(b) The closing loss allowances for trade receivables as at June 30, 2020 reconcile to the opening loss allowances as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	15,697	16,930	2,732	7,082
Loss allowance recognised in profit or loss during the year (note 32)	12,275	5,325	1,989	246
Acquisition through business combination	-	3,311	-	-
Receivables written off during the year as uncollectible	(1,385)	(7,238)	-	(4,496)
Unused amounts reversed (note 31)	-	(1,786)	-	(100)
Transfer to assets classified as held-for-sale	-	(845)	-	-
Disposal of subsidiary company	-	-	-	-
At June 30,	26,587	15,697	4,721	2,732
Analysed as follows:				
Loss allowance for specific trade receivables	15,658	9,141	4,588	1,611
Allowance for expected credit losses	10,929	6,556	133	1,121
	26,587	15,697	4,721	2,732

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

16. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rupee	340,272	471,937	178,345	373,009
Euro	11,844	19,893	-	-
Pound Sterling	33	-	-	-
US Dollar	67	-	-	-
	352,216	491,830	178,345	373,009

(d) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above except for the deposits and bank guarantees received from tenants covering rental charges for three months. The Group has no other collateral as security.

17. OTHER FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non-current				
Receivable from fellow subsidiaries	-	-	187,500	175,000
Current				
Staff and workers loan receivables	1,602	3,077	1,602	2,319
Receivable from subsidiaries	-	-	1,545,935	1,356,336
Receivable from related parties	-	95	-	95
Receivable from associated companies	99,125	92,770	99,125	77,157
	100,727	95,942	1,646,662	1,435,907
Less: Loss allowance for amount receivable from fellow subsidiaries at amortised cost (see note (b))	-	-	(288,243)	(222,867)
	100,727	95,942	1,358,419	1,213,040
	100,727	95,942	1,545,919	1,388,040

(a) Staff and workers loan receivables are interest free and are deductible against their respective monthly salaries.

(b) The analysis of the gross amount and the expected credit loss is as follows:

The closing loss allowances for amount receivable from related parties as at June 30, 2020 reconcile to the opening loss allowances as follows:

	GROSS AMOUNT		EXPECTED CREDIT LOSS	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivable from subsidiaries				
At July 1,	1,356,336	866,566	222,867	178,980
Addition during the year	189,599	489,770	-	-
Expected credit loss recognised	-	-	65,376	43,887
At June 30,	1,545,935	1,356,336	288,243	222,867

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

17. OTHER FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

- (c) Due to the short term nature of the above receivable, their carrying amount are considered to be the same as their fair value.
- (d) The carrying amounts of the other financial assets at amortised cost are denominated in Mauritian Rupees. As a results, there is no exposure to foreign exchange risk.

18. OTHER CURRENT ASSETS

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Prepayments	25,905	61,736	6,149	12,010
Deposits	-	1,376	-	-
VAT receivables	13,689	11,155	-	-
Tax deducted at source	24,619	17,569	3,794	4,287
Tax receivable (note 35(a))	664	511	-	-
HRDC Refund	-	255	-	255
Deferred expenditure	13,578	12,024	13,578	12,024
Other receivables	20,396	-	16,908	-
	98,851	104,626	40,429	28,576

19. SHARE CAPITAL

	2020 & 2019
	Rs.'000
105,000,000 issued and fully paid ordinary share of Rs.10 each	1,050,000

Ordinary shares carry one vote per share and carry a right to dividends.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

20. REVALUATION SURPLUS AND OTHER RESERVES

(a) THE GROUP

	Revaluation surplus on fixed assets	Sugar Millers Development Fund	Fixed assets replacement reserve	Modernisation and agricultural diversification reserve	Actuarial loss reserve	Reserves of associates	Fair value reserve	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at July 1, 2019								
- as previously stated	13,144,259	8,659	33,415	18,774	(231,051)	(742)	53,251	13,026,565
- prior year adjustment	1,402,439	-	-	-	-	-	-	1,402,439
- as restated	14,546,698	8,659	33,415	18,774	(231,051)	(742)	53,251	14,429,004
Decrease in fair value of financial assets at fair value through other comprehensive income (notes 11 & 38 (b))	-	-	-	-	-	-	25,540	25,540
Remeasurement of retirement benefit obligations (note 22)	-	-	-	-	(303,312)	-	-	(303,312)
Transfer - revaluation surplus realised on disposal of land	(48,082)	-	-	-	-	-	-	(48,082)
At June 30, 2020	14,498,616	8,659	33,415	18,774	(534,363)	(742)	78,791	14,103,150
Balance at July 1, 2018								
- as previously stated	13,199,764	8,659	33,415	18,774	(315,503)	(219)	58,682	13,003,572
- prior year adjustment	1,402,439	-	-	-	-	-	-	1,402,439
- as restated	14,602,203	8,659	33,415	18,774	(315,503)	(219)	58,682	14,406,011
Decrease in fair value of financial assets at fair value through other comprehensive income (notes 11 & 38 (b))	-	-	-	-	-	-	(5,431)	(5,431)
Gain on revaluation of fixed assets prior to reclassification to investment property	18,554	-	-	-	-	-	-	18,554
Remeasurement of retirement benefit obligations (note 22)	-	-	-	-	84,452	-	-	84,452
Share of other comprehensive income of associates	-	-	-	-	-	(523)	-	(523)
Transfer - revaluation surplus realised on disposal of land	(74,059)	-	-	-	-	-	-	(74,059)
At June 30, 2019	14,546,698	8,659	33,415	18,774	(231,051)	(742)	53,251	14,429,004

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

20. REVALUATION SURPLUS AND OTHER RESERVES (CONT'D)

(b) THE HOLDING COMPANY

	Revaluation surplus on fixed assets	Profit on disposal of milling assets	Sugar Millers Development Fund	Fixed assets replacement reserve	Modernisation and agricultural diversification reserve	Actuarial loss reserve	Fair value reserve	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at July 1, 2019	10,135,638	45,753	8,659	33,415	15,473	(201,870)	53,252	10,090,320
Increase in fair value of financial assets at fair value through other comprehensive income (notes 11 & 38(b))	-	-	-	-	-	-	27,223	27,223
Remeasurement of retirement benefit obligations (note 22)	-	-	-	-	-	(267,475)	-	(267,475)
Transfer - revaluation surplus realised on disposal of land	(48,082)	-	-	-	-	-	-	(48,082)
At June 30, 2020	10,087,556	45,753	8,659	33,415	15,473	(469,345)	80,475	9,801,986
Balance at July 1, 2018	10,097,558	45,753	8,659	33,415	15,473	(278,915)	58,683	9,980,626
Decrease in fair value of financial assets at fair value through other comprehensive income (notes 11 & 38(b))	-	-	-	-	-	-	(5,431)	(5,431)
Gain on revaluation of fixed assets prior to reclassification to investment property	115,166	-	-	-	-	-	-	115,166
Remeasurement of retirement benefit obligations (note 22)	-	-	-	-	-	77,045	-	77,045
Transfer - revaluation surplus realised on disposal of land	(77,086)	-	-	-	-	-	-	(77,086)
At June 30, 2019	10,135,638	45,753	8,659	33,415	15,473	(201,870)	53,252	10,090,320

(c) **Revaluation surplus**

The revaluation surplus relates to the revaluation of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

20. REVALUATION SURPLUS AND OTHER RESERVES (CONT'D)

(d) **Profit on disposal of milling assets**

Profit on disposal of milling assets relates to profit arising on the transfer of fixed assets to a subsidiary company "The Medine Sugar Milling Company Limited". As the Company holds 80% of the share capital of that subsidiary company, at Group level, this profit is hence not considered as realised.

(e) **Sugar millers development fund**

Sugar Millers Development Fund is a reserve created for specific development project.

(f) **Fixed assets replacement reserve**

The fixed assets replacement reserve relates to a reserve for replacement of fixed assets.

(g) **Modernisation and agricultural diversification reserve**

The Modernisation and Agricultural Diversification reserve is a statutory reserve earmarked to finance both modernisation and agricultural diversification.

(h) **Fair value reserve**

The fair value reserve for investment comprises the cumulative net change in fair value of financial assets at fair value through other comprehensive income that has been recognised until the investments are derecognised or impaired.

(i) **Actuarial gain/(loss) reserve**

The actuarial gain/(loss) reserve represents the cumulative remeasurement of defined benefit obligation recognised.

(j) **Reserves of associates**

Reserves in associates relate to the Group's share of the reserves of associates arising on equity accounting.

21. BORROWINGS

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank overdrafts (notes (a) and 37(b))	466,543	552,538	425,706	487,242
Bank loans (notes (a) and (b))	2,662,044	1,882,687	628,000	15,071
Obligations under finance leases (note (c))	-	1,813	-	1,813
Bonds (note (d))	3,979,073	3,973,900	3,979,073	3,973,900
	7,107,660	6,410,938	5,032,779	4,478,026
Analysed as follows:				
Current				
Bank overdrafts	466,543	552,538	425,706	487,242
Bank loans	766,642	182,144	628,000	15,071
Obligations under finance leases	-	582	-	582
	1,233,185	735,264	1,053,706	502,895
Non-current				
Obligations under finance leases	-	1,231	-	1,231
Bonds	3,979,073	3,973,900	3,979,073	3,973,900
Bank loans	1,895,402	1,700,543	-	-
	5,874,475	5,675,674	3,979,073	3,975,131
Total borrowings	7,107,660	6,410,938	5,032,779	4,478,026

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

21. BORROWINGS (CONT'D)

- (a) Borrowings are secured over the assets of the Company.

The rate of interest is as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
Loan - Rupee	3.50% - 6.25%	4.65% - 7.15%	3.50% - 4.85%	4.65% - 6.90%
Loan - Euro	3.50%	-	-	-
Bank overdraft	4.10%-6.10%	6.00% - 7.75%	4.35%	6.00

- (b) Bank loans can be analysed as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Repayable by instalments				
-before one year	766,642	182,144	628,000	15,071
-after one year and before two years	185,094	185,421	-	-
-after two years and before three years	195,989	192,311	-	-
-after three years and before five years	412,856	395,099	-	-
-after five years	1,101,463	927,712	-	-
	2,662,044	1,882,687	628,000	15,071

- (c) Finance lease liabilities - minimum lease payments:

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
Not later than one year	-	668
Later than one year and not later than two years	-	668
Later than two years and not later than three years	-	630
	-	1,966
Future finance charges on finance leases	-	(153)
Present value of finance lease liabilities	-	1,813

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
The present value of the finance lease liabilities may be analysed as follows:		
Not later than one year	-	582
Later than one year and not later than two years	-	615
Later than two years and not later than three years	-	616
	-	1,813

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rates of interest on these leases are 5.5%. The Group leases various assets under non-cancellable finance lease agreement. The lease terms are five years and the ownership of the assets lie within the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

21. BORROWINGS (CONT'D)

(d) The Bonds are repayable as follows:

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
After one year and before two years	-	-
After two years and before three years	-	-
After three years and before five years	2,351,901	2,348,843
After five years	1,627,172	1,625,057
	3,979,073	3,973,900

The details of the Bonds are analysed as follows:

- 970,000 3.10% (2019: 4.75%) floating rate secured notes of Rs.1,000 each redeemable on December 26, 2023
- 1,394,270 5.4% fixed rate secured notes of Rs.1,000 each redeemable on December 26, 2023
- 805,535 5.1% (2019: 3.45%) floating rate secured notes of Rs.1,000 each redeemable on December 26, 2025
- 830,195 5.75% fixed rate secured notes of Rs.1,000 each redeemable on December 26, 2025

(e) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	THE GROUP				
	6 months	6 -12 months	1 - 5 years	Over 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2020					
Total borrowings	7,107,660	-	-	-	7,107,660
At June 30, 2019					
Total borrowings	6,410,938	-	-	-	6,410,938

	THE HOLDING COMPANY				
	6 months or less	6 -12 months	1 - 5 years	Over 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2020					
Total borrowings	5,032,779	-	-	-	5,032,779
At June 30, 2019					
Total borrowings	4,478,026	-	-	-	4,478,026

- (f) The carrying amounts of borrowings are not materially different from their fair value, except for the bonds bearing interest of fixed rates, for which the fair value is estimated at Rs.2,409,000,000 against the carrying amount Rs.2,213,000,000.
- (g) The carrying amounts of the borrowings are denominated in the following currencies:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rupee	7,031,772	6,410,938	5,032,779	4,478,026
Euro	75,888	-	-	-
	7,107,660	6,410,938	5,032,779	4,478,026

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

22. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amounts recognised in the Statements of financial position				
- Pension benefits (note (a))	601,335	307,199	542,014	257,302
- Other post retirement benefits (note (b))	4,151	-	-	-
	605,486	307,199	542,014	257,302

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amounts charged/(credited) to profit or loss (note 28)				
- Pension benefits (note (a)(v))	53,145	164,090	38,297	36,738
- Other post retirement benefits (note (b))	(985)	290	-	-
Total included in Employee Benefit Expense	52,160	164,380	38,297	36,738
Analysed as follows:				
- Continuing operations	52,160	127,163	38,297	36,738
- Discontinued operations	-	37,217	-	-
	52,160	164,380	38,297	36,738
Amounts charged to other comprehensive income				
Remeasurement of retirement benefit obligations recognised in other comprehensive income (notes (a)(v) and 38)	272,483	(81,552)	267,475	(77,045)

(a) Pension benefits

(i) Pension schemes

The Group has a defined benefit scheme with the Sugar Industry Pension Fund for certain employees. The Group also operates for one of its subsidiaries another defined benefit scheme, the assets of which are held and administered independently. The plans are final salary plans, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at June 30, 2020 by AON Hewitt Ltd (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

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

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Present value of defined benefit obligations	1,168,177	886,424	1,047,042	778,094
Fair value of plan assets	(566,842)	(579,225)	(505,028)	(520,792)
Liability in the Statements of financial position	601,335	307,199	542,014	257,302

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

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	579,225	652,699	520,792	550,850
Acquisition through business combination	-	38,674	-	-
Interest income	33,327	41,902	29,952	33,287
Employer contributions	31,492	184,268	21,060	23,001
Employee contributions	1,651	3,218	1,579	2,707
Benefits paid	(58,729)	(223,995)	(49,289)	(57,760)
Return on plan assets excluding interest income	(20,124)	(36,879)	(19,066)	(31,293)
Transfer to liabilities associated with assets classified as held for sale	-	(80,662)	-	-
At June 30,	566,842	579,225	505,028	520,792

(iv) The movement in the present value of defined benefit obligations over the year is as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	886,424	1,042,551	778,094	871,460
Acquisition through business combination	-	64,468	-	-
Current service cost	20,902	26,626	15,996	18,148
Past service cost	14,521	(4,120)	7,919	357
Employee contributions	1,651	3,218	1,579	2,707
Interest cost	50,529	65,604	44,334	51,520
Benefits paid	(58,729)	(223,995)	(49,289)	(57,760)
Settlement gain	520	117,882	-	-
Liability experience gain	(22,068)	(56,383)	(13,122)	(44,222)
Liability loss/(gain) due to change in financial assumptions	274,427	(62,048)	261,531	(64,116)
Transfer to liabilities associated with assets classified as held for sale	-	(87,379)	-	-
Classified as held for sale	-	(87,379)	-	-
At June 30,	1,168,177	886,424	1,047,042	778,094

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

(v) The amounts recognised in profit or loss and other comprehensive income are as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Service cost:				
Current service cost	20,902	26,626	15,996	18,148
Past service cost	14,521	(4,120)	7,919	357
Settlement gain	520	117,882	-	-
Net interest expense	17,202	23,702	14,382	18,233
Components of defined benefit costs recognised in profit or loss	53,145	164,090	38,297	36,738
Return on plan assets excluding interest income	20,124	36,879	19,066	31,293
Liability experience gain	(22,068)	(56,383)	(13,122)	(44,222)
Liability experience loss/(gain) due to change in financial assumptions	274,427	(62,048)	261,531	(64,116)
Components of defined benefit costs recognised in other comprehensive income	272,483	(81,552)	267,475	(77,045)
Total of defined benefit cost	325,628	82,538	305,772	(40,307)

The past service cost, the current service cost and the net interest expenses for the year is included in operating expenses in profit or loss. The actuarial gain/(loss) on retirement benefit obligations is included in other comprehensive income.

(vi) The reconciliation of the net defined benefit liability in the statement of financial position is as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	307,199	389,852	257,302	320,610
Acquisition through business combination	-	25,794	-	-
Amounts recognised in profit or loss	53,145	164,090	38,297	36,738
Amounts recognised in other comprehensive income	272,483	(81,552)	267,475	(77,045)
Employer contribution	(31,492)	(184,268)	(21,060)	(23,001)
Transfer to liabilities associated with assets classified as held for sale	-	-	-	-
Classified as held for sale	-	(6,717)	-	-
At June 30,	601,335	307,199	542,014	257,302

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

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
	%	%
Local equities	28	31
Local bonds	19	21
Property	15	12
Overseas bonds and equities	29	28
Other	9	8
Total Market value of assets	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

(viii) The principal actuarial assumptions used for accounting purposes are as follows:

	THE GROUP AND THE HOLDING COMPANY	
	2020	2019
	%	%
Discount rate	2.70%	6.10%
Future salary increases:		
- Staff	2.00%	5.00%
- Artisan Labourers	1.00%/2.00%	4.00%
Future pension increases:		
- Staff	0.00%/2.00%	1.10%
- Artisan Labourers	0.00%/2.00%	0.00%
Rate of medical cost increase	2.70%	6.10%
Average retirement age (ARA)	60	60
Average life expectancy for:		
- Male at ARA	23.2 years	23.2 years
- Female at ARA	26.2 years	26.2 years

The weighted average duration of the defined benefit obligation is 14 years.

(ix) The assets of the plan are invested in bonds, equities and properties. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Actual return on plan assets	13,203	5,023	10,886	1,994

(x) Sensitivity analysis on Defined benefit obligation at the end of the reporting period

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase in benefit obligation at end of period resulting from a 1% decrease in discount rate	179,104	132,866	167,768	106,516
Decrease in benefit obligation at end of period resulting from a 1% increase in discount rate	141,095	107,521	132,776	86,180

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension benefits (cont'd)

- (x) The sensitivity above have been determined based on a method that extrapolates the impact on net defined 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 projected 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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (xi) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risks and market (investment) risk.
- (xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xiii) The funding policy is to pay contributions to an external legal entities at the rate recommended by the entity's actuaries. The expected contributions to post-employment benefit plans for the year ending June 30, 2020 are Rs.31,723,000 for the Group and Rs.26,151,000 for the Company.

(b) Other post retirement benefits

Other post retirement benefits comprise mainly of retirement gratuity payable under the Workers' Rights Act 2019 (2019: Employment Rights Act 2008).

- (i) Movements in the retirement gratuity are as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At July 1,	-	4,936	-	-
Payment during the year	-	(90)	-	-
Total current service cost charged in profit or loss	(985)	290	-	-
Transfer from/(to) liabilities associated with assets classified as held for sale				
Classified as held for sale	5,136	(5,136)	-	-
At June 30,	4,151	-	-	-

- (ii) The other post retirement benefits have been paid on the assumption that the future salary increase is equal to the discount rate.
- (iii) The total current service cost has been included in 'operating expenses'.

23. TRADE AND OTHER PAYABLES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade payables	103,626	103,536	17,132	19,327
Other payables and accruals	600,415	493,638	317,604	197,993
Provision for VRS cost of land and infrastructure	91,000	91,000	91,000	91,000
Provision for Milling activities	-	-	212,215	170,000
Amount payable to related companies	-	25,155	-	25,155
	795,041	713,329	637,951	503,475

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

24. AMOUNT DUE TO GROUP COMPANIES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current account with subsidiaries	-	-	218,037	223,904
Payable to associated companies	7,081	-	7,081	-
	7,081	-	225,118	223,904

The carrying amounts of amount owed to group companies approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

25. DIVIDENDS

	THE HOLDING COMPANY	
	2020	2019
	Rs.'000	Rs.'000
Amount due at July 1,	157,500	152,250
<u>Interim</u>		
Re.1.05 per share proposed on December 18, 2019 and paid on February 17, 2020	110,250	-
Re.1.45 per share proposed on December 21, 2018 and paid on February 15, 2019	-	152,250
<u>Final</u>		
Rs.1.50 per share proposed on June 25, 2019 and payable on September 16, 2019	-	157,500
	110,250	309,750
<u>Dividends paid during the year</u>		
Rs.1.50 per share proposed on June 25, 2019 and paid on September 16, 2019	(157,500)	-
Re.1.05 per share proposed on December 18, 2019 and paid on February 17, 2020	(110,250)	-
Final - Re.1.45 per share proposed on June 21, 2018 and paid on September 18, 2018	-	(152,250)
Interim - Re.1.45 per share proposed on December 21, 2018 and paid on February 15, 2019	-	(152,250)
	(267,750)	(304,500)
Amount due at June 30,	-	157,500

26. REVENUE

(a) The following is an analysis of the Group's revenue for the year:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from sale of goods	574,626	635,588	480,383	533,080
Revenue from rendering of services	454,207	759,437	43,755	54,290
Revenue from service charges from investment property	38,246	60,360	23,412	37,289
Revenue from contracts with customers	1,067,079	1,455,385	547,550	624,659
Rental income from investment property	297,997	240,112	43,502	46,904
Sugar insurance compensation	41,353	62,736	24,030	45,133
Total revenue	1,406,429	1,758,233	615,082	716,696

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

26. REVENUE (CONT'D)

(b) Disaggregation of revenue

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contract with customers:				
Sugar	345,510	369,572	345,510	287,374
Foodcrops and nursery	78,161	85,948	78,161	85,948
Poultry	-	100,612	-	100,612
Casela	231,561	366,103	-	-
Forestry and sale of deer	53,207	49,632	53,207	49,632
Landscaping	42	6,114	4,742	6,113
Hotel	77,963	127,574	-	-
Golf	46,962	75,899	-	-
Travel and tours	108,442	83,785	-	-
Education and training	43,313	47,630	-	-
Sale of stones	25,160	31,488	25,160	31,488
Sale of electricity	-	43,918	-	-
IT support revenue	1,545	1,203	7,610	9,578
Commission, property and assets management fees	13,971	26,577	22,293	36,811
Commission on resale of villas	1,120	478	1,120	478
Other revenues	40,122	38,852	9,747	16,625
Revenue from contracts with customers	1,067,079	1,455,385	547,550	624,659
Rental income	297,997	240,112	43,502	46,904
Sugar insurance compensation	41,353	62,736	24,030	45,133
	1,406,429	1,758,233	615,082	716,696
Analysed as follows:				
- Continuing activities	1,389,106	1,508,299	615,082	613,609
- Discontinued activities	17,323	452,613	-	103,087
	1,406,429	1,960,912	615,082	716,696

Except for the sale of sugar, there are no other transactions with a single external customer that accounts for 10% or more of the Group's total revenue.

The primary geographic market is located in Mauritius.

(c) The contract counterparties are as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Companies	636,880	495,904	477,593	558,815
Individuals	430,199	959,481	69,957	65,844
	1,067,079	1,455,385	547,550	624,659

(d) Timing of revenue recognition

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At a point in time	807,654	1,254,106	512,636	560,200
Over time	259,425	201,279	34,914	64,459
	1,067,079	1,455,385	547,550	624,659

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

26. REVENUE (CONT'D)

(e) **Contract assets and liabilities related to contracts with customers:**

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(i) <i>Contract assets</i>				
At July 1,	32,457	16,502	29,001	13,561
Transfers in the period from contract assets to trade receivables	(27,480)	(13,667)	(26,214)	(10,726)
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	3,488	29,622	2,918	26,166
At June 30,	8,465	32,457	5,705	29,001

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(ii) <i>Contract liabilities</i>				
At July 1,	123,853	123,101	71,290	78,930
Amounts included in contract liabilities that was recognised as revenue during the period	(72,228)	(93,225)	(43,470)	(69,508)
Cash received in advance of performance and not recognised as revenue during the period	160,639	93,977	132,750	61,868
At June 30,	212,264	123,853	160,570	71,290

(f) **Contract assets - Accrued income**

Although payment terms and conditions vary, for the majority of the customer contracts, all of the services provided to the customer are invoiced within a monthly period. For certain customer contracts, the timing of the Company's performance may precede its right to invoice the customer for the total transaction price. Accrued income arises in relation to services provided that have not been invoiced at the year end. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Further details on the trade receivables are presented in note 16.

(g) **Contract liabilities**

For other customer contracts, the right to payment or receive payment may be obtained prior to performing the related services under the contract. When the right to customer payments or receipt of payments precedes the Company's performance, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

26. REVENUE (CONT'D)

(h) Impairment of Contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets.

To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2020 or June 30, 2019 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. The Company has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The ageing of the contract assets as at June 30, 2020 and June 30, 2019 was as follows:

THE GROUP

	Not past due	Less than 30 days past due	Between 31 and 60 days past due	More than 61 days past due	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2020					
Gross carrying amount - contract assets	8,465	-	-	-	8,465
At July 1, 2019					
Gross carrying amount - contract assets	32,457	-	-	-	32,457

THE COMPANY

	Not past due	Less than 30 days past due	Between 31 days and 60 days past due	More than 61 days past due	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At June 30, 2020					
Gross carrying amount - contract assets	29,001	-	-	-	29,001
At July 1, 2019					
Gross carrying amount - contract assets	29,001	-	-	-	29,001

As at June 30, 2020 and 2019, there were no expected credit loss allowances as there are no records of amounts written off during the past years and the identified impairment loss was immaterial.

(i) The amount of incremental costs to obtain contracts which has been recognised as an expense in the period is Rs.7,708,000. There were no incremental costs recognised as an asset.

(j) Remaining performance Obligations

The vast majority of the Company's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

27. EXPENSES BY NATURE

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Employee benefit expense (note 28)	680,450	675,436	439,218	427,899
Costs of inventories recognised as expense	63,798	116,722	18,944	34,281
Hiring of labour and agricultural equipment	70,075	94,642	70,075	94,642
Depreciation (note 5)	177,498	185,536	47,972	48,440
Depreciation of right-of-use assets (note 6)	13,500	-	9,796	-
Amortisation of intangible assets (note 8)	3,114	4,726	380	1,557
Sugar insurance premium	8,677	11,181	8,677	8,504
Irrigation costs	21,327	29,213	21,327	29,213
Other expenses - sugar activities	145,615	138,990	145,615	138,990
Fertilizers	25,854	36,434	25,854	33,993
Other expenses - non sugar activities	142,758	119,782	20,981	11,310
Power station running costs	-	11,222	-	-
Utilities	48,836	57,577	13,046	17,733
Poultry expenses	-	78,864	-	78,864
Tour expenses	43,397	31,002	-	-
Administrative expenses	163,941	155,767	51,384	49,847
Assets scrapped - Property, plant and equipment (note 5)	-	25,796	-	3,996
Marketing and advertising expenses	36,544	35,503	6,222	3,457
Operating expenses	1,645,384	1,808,393	879,491	982,726
Analysed as follows:				
- Continuing activities	1,639,038	1,595,302	879,491	878,893
- Discontinued activities	6,346	213,091	-	103,833
	1,645,384	1,808,393	879,491	982,726

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) (Loss)/profit before taxation is arrived at after: charging:				
Depreciation on property, plant and equipment				
- owned assets	177,498	184,763	47,972	47,667
- leased assets	-	773	-	773

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

28. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) Analysis of staff costs				
Wages and salaries	563,175	455,767	354,141	345,371
Social security costs and other benefits	65,115	55,289	46,780	45,790
Post employment benefits (note 22)	52,160	164,380	38,297	36,738
	680,450	675,436	439,218	427,899
(b) The number of employees at the end of the year was:				
	2020	2019	2020	2019
- Production	546	603	253	247
- Administration	457	426	171	190
	1,003	1,029	424	437

29. OTHER (LOSSES)/GAINS - NET

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net foreign exchange gains/(losses) on operations (note 34)	21,661	(2,379)	16,392	(2,621)
Fair value (loss)/gain on investments properties	(35,311)	226,146	121,561	(29,288)
Gain in disposal of investment in associate	-	23,500	-	17,880
	(13,650)	247,267	137,953	(14,029)
Analysed as follows:				
- Continuing activities	(13,650)	223,920	137,953	(31,909)
- Discontinued activities	-	23,347	-	17,880
	(13,650)	247,267	137,953	(14,029)

30. PROFIT ON SALE OF LAND

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from sale of land	269,714	677,985	263,565	715,443
Cost of land and expenditure in respect of land development	(100,629)	(238,111)	(94,173)	(245,843)
Profit from sale of land	169,085	439,874	169,392	469,600

31. OTHER INCOME

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend income	2,829	3,033	8,445	8,866
Interest income	6,069	7,930	105,889	77,971
Profit on disposal of property, plant and equipment	5,408	28,102	3,647	26,840
Corporate management fees	874	15,488	31,114	52,253
Reversal of receivable impairment (note 16(b))	-	1,786	-	100
Creditors written back	9,775	1,399	-	-
Sundry income	2,289	5,144	1,650	573
	27,244	62,882	150,745	166,603

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

31. OTHER INCOME (CONT'D)

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Analysed as follows:				
- Continuing activities	17,370	59,098	150,745	166,603
- Discontinued activities	9,874	3,784	-	-
	27,244	62,882	150,745	166,603

32. IMPAIRMENT LOSSES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Impairment losses on property, plant and equipment:				
-factory recognised in profit or loss (note 43)	13,300	14,537	-	-
Impairment losses on deferred expenditure	9,281	-	9,281	-
Impairment losses on property, plant and equipment (note 5)	68,633	66,906	19,633	-
Impairment losses on intangible assets (note 8)	31,881	34,898	-	34,898
Impairment losses on investment in:				
- subsidiary (note 9)	-	-	286,719	-
- associated companies (note 10)	-	-	11,910	-
Impairment losses on milling activities	-	-	42,216	170,000
Impairment losses on amount owed by subsidiary (note 17(b))	-	-	65,376	43,887
Impairment losses on financial assets (note 16(b))	12,275	5,325	1,989	246
Total impairment losses recognised in profit and loss	135,370	121,666	437,124	249,031
Analysed as follows:				
- Continuing activities	122,070	77,129	437,124	5,144
- Discontinued activities	13,300	44,537	-	243,887
	135,370	121,666	437,124	249,031

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

33. FINANCE COSTS - NET

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gain on exchange on financing activities (note 34)	2,762	1,732	1,071	868
Interest expense				
- Bank overdrafts	23,112	23,158	18,797	17,736
- Bank loans repayable by instalments	131,406	193,764	16,092	66,917
- Bonds	202,330	104,804	202,330	104,804
- On current account with related companies	-	2,242	6,230	9,658
- Leases	1,787	-	1,484	-
- Others	43	1,562	-	117
	358,678	325,530	244,933	199,232
Less : amounts included in the cost of qualifying assets (note 12)	(7,828)	(1,022)	-	-
Interest expenses - net	350,850	324,508	244,933	199,232
Finance costs - net	(348,088)	(322,776)	(243,862)	(198,364)
Analysed as follows:				
- Continuing activities	(319,413)	(305,055)	(243,862)	(198,364)
- Discontinued activities	(28,675)	(17,721)	-	-
	(348,088)	(322,776)	(243,862)	(198,364)

34. NET FOREIGN EXCHANGE GAINS/(LOSSES)

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
The exchange differences credited to profit or loss are included as follows:				
Other gains/(losses) - net (note 29)	21,661	(2,379)	16,392	(2,621)
Finance costs - net (note 33)	2,762	1,732	1,071	868
	24,423	(647)	17,463	(1,753)

35. INCOME TAX

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) Amounts shown on the statement of financial position is as follows:				
At July 1, 2019	(237)	-	-	-
Acquisition of subsidiary	-	1,839	-	-
(Under)/over provision in previous years	(378)	2	-	-
Current tax on adjusted profit for the year	-	832	-	-
CSR Contribution	-	434	-	-
Tax refunded	511	-	-	-
Less: Tax deducted at source	-	(66)	-	-
Less: Payment during the year	(560)	(3,278)	-	-
At June 30, 2020	(664)	(237)	-	-
Analysed as follows:				
Other current assets - tax receivable (note 18)	(664)	(511)	-	-
Current tax liabilities	-	274	-	-
	(664)	(237)	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

35. INCOME TAX (CONT'D)

- (b) The tax on the group's and the company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate of the group and the company as follows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(Loss)/profit before tax from continuing operations	(546,664)	256,468	(494,695)	127,261
(Loss)/profit before tax from discontinued operations	(21,124)	1,716	-	(226,753)
	(567,788)	258,184	(494,695)	(99,492)
Tax calculated at the rate of 15% (2019: 15%)	(85,168)	38,728	(74,204)	(14,924)
Income not subject to tax	(94,902)	(159,579)	(59,296)	(78,383)
Excess of depreciation over capital allowances	(10,623)	12,973	(7,016)	11,445
Other tax allowances	-	(60)	-	(27)
Expenses not deductible for tax purposes	97,417	80,896	73,702	63,096
Tax losses not recognised	93,276	27,874	66,814	18,793
Current tax on the adjusted profit	-	832	-	-
CSR Contribution	-	434	-	-
Over/(under) provision in previous years	(378)	2	-	-
Deferred tax charge to profit or loss (note 14(b))	21,517	(11,740)	-	-
Charge to profit or loss	21,139	(10,472)	-	-
Charge to other comprehensive income (note 14(b))	-	(1,132)	-	-
Total charge for the year	21,139	(11,604)	-	-

36. (LOSS)/EARNINGS PER SHARE

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(Loss)/profit attributable to owners of the parent				
- From continuing and discontinued operations	(550,004)	263,831	(494,695)	(99,492)
- From continuing operations	(546,664)	257,694	(494,695)	127,261
(Loss)/earnings per share (Rs.)				
- From continuing and discontinued operations	(5.24)	2.51	(4.71)	(0.95)
- From continuing operations	(5.21)	2.45	(4.71)	1.21
Number of shares in issue ('000)	105,000	105,000	105,000	105,000

37. CASH AND CASH EQUIVALENTS

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) Cash and bank balances	90,719	66,311	9,418	12,895

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

37. CASH AND CASH EQUIVALENTS (CONT'D)

(b) Cash and cash equivalents and bank overdrafts include the following for the purpose of the statement of cash flows:

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and bank balances	90,719	66,311	9,418	12,895
Bank overdrafts (note 21)	(466,543)	(552,538)	(425,706)	(487,242)
Asset classified as held for sale - Cash and cash equivalents (note 43(c))	(65,146)	(64,724)	-	-
	(440,970)	(550,951)	(416,288)	(474,347)

(c) Reconciliation of liabilities arising from financing activities

2020	Bank loans Rs'000	Bonds Rs'000	Lease liabilities Rs'000	Total Rs'000
Opening balance	1,882,687	3,973,900	1,813	5,858,400
Recognised on adoption of IFRS 16	-	-	32,972	32,972
Cash flows	770,972	-	(12,572)	758,400
Non-cash changes:				
- acquisition	-	-	1,824	1,824
- interest accrued	-	5,173	-	5,173
- foreign exchange movement	8,385	-	-	8,385
Closing balance	2,662,044	3,979,073	24,037	6,665,154

2019	Bank loans Rs'000	Bonds Rs'000	Lease liabilities Rs'000	Total Rs'000
Opening balance	4,599,699	-	2,364	4,602,063
Cash flows	(2,717,012)	3,971,803	(551)	1,254,240
Non-cash changes:				
- interest accrued	-	2,097	-	2,097
Closing balance	1,882,687	3,973,900	1,813	5,858,400

(iii) THE HOLDING COMPANY

2020	Bank loans Rs'000	Bonds Rs'000	Lease liabilities Rs'000	Total Rs'000
Opening balance	15,071	3,973,900	1,813	3,990,784
Recognised on adoption of IFRS 16	-	-	25,709	25,709
Cash flows	612,929	-	(8,968)	603,961
Non-cash changes:				
- acquisition	-	-	1,824	1,824
- interest accrued	-	5,173	-	5,173
Closing balance	628,000	3,979,073	20,378	4,627,451

2019	Bank loans Rs'000	Bonds Rs'000	Lease liabilities Rs'000	Total Rs'000
Opening balance	2,436,213	-	2,364	2,438,577
Cash flows	(2,421,142)	3,971,803	(551)	1,550,110
Non-cash changes:				
- interest accrued	-	2,097	-	2,097
Closing balance	15,071	3,973,900	1,813	3,990,784

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

38. OTHER COMPREHENSIVE INCOME

(a) THE GROUP

(i) 2020

Increase in fair value of financial assets at fair value through other comprehensive income (note 11)

Remeasurement of retirement benefit obligations

Fair value reserves	Retirement benefit obligations	Revaluation surplus on fixed assets	Share of reserves in associates	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
22,723	-	-	-	22,723
-	(314,012)	-	-	(314,012)
22,723	(314,012)	-	-	(291,289)

Income tax (charge)/credit

Deferred tax (note 14)

Other comprehensive income for the year 2020, net of tax

Other comprehensive income attributable to:

- Owners of the parent

- Non-controlling interests

Fair value reserves	Retirement benefit obligations	Revaluation surplus on fixed assets	Share of reserves in associates	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	-
22,723	(314,012)	-	-	(291,289)
22,723	(300,495)	-	-	(277,772)
-	(13,517)	-	-	(13,517)
22,723	(314,012)	-	-	(291,289)

(ii) 2019

Decrease in fair value of financial assets at fair value through other comprehensive income (note 11)

Remeasurement of retirement benefit obligations (note 22(a)(v))

Gains on revaluation of land and buildings

Share of other comprehensive income of associates (note 10(a))

Income tax (charge)/credit

Deferred tax (note 14)

Other comprehensive income for the year 2019, net of tax

Other comprehensive income attributable to:

- Owners of the parent

- Non-controlling interests

(5,431)	-	-	-	(5,431)
-	81,552	-	-	81,552
-	-	18,554	-	18,554
-	-	-	(523)	(523)
(5,431)	81,552	18,554	(523)	94,152
-	1,132	-	-	1,132
(5,431)	82,684	18,554	(523)	95,284
(5,431)	84,452	18,554	(523)	97,052
-	(1,768)	-	-	(1,768)
(5,431)	82,684	18,554	(523)	95,284

(b) THE HOLDING COMPANY

(i) 2020

Increase in fair value of financial assets at fair value through other comprehensive income (note 11)

Remeasurement of retirement benefits obligations (note 22(a)(v))

Other comprehensive income for the year 2019, net of tax

Revaluation surplus on fixed assets	Fair value reserves	Retirement benefit obligations	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	27,223	-	27,223
-	-	(267,475)	(267,475)
-	27,223	(267,475)	(240,252)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

38. OTHER COMPREHENSIVE INCOME (CONT'D)

(b) THE HOLDING COMPANY

(ii) 2019

	Revaluation surplus on fixed assets Rs.'000	Fair value reserves Rs.'000	Retirement benefit obligations Rs.'000	Total Rs.'000
Decrease in fair value of financial assets at fair value through other comprehensive income (note 11)	-	(5,431)	-	(5,431)
Gains on revaluation of land and buildings	115,166	-	-	115,166
Remeasurement of retirement benefits obligations (note 22(a)(v))	-	-	77,045	77,045
Other comprehensive income for the year 2019, net of tax	115,166	(5,431)	77,045	186,780

39. COMMITMENTS

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) <u>Capital Commitments</u>				
Investment property	311,778	465,027	-	-
Property, plant and equipment	2,789	8,364	360	-
	314,567	473,391	360	-

(b) No provision has been made for the costs of land and infrastructure payable in respect of the closure of The Medine Sugar Milling Company Ltd as these costs will be capitalised as land conversion rights on the basis that under the provision of the Sugar Industry Efficiency Act, the Company acquires the right to sell land on which no conversion taxes are payable.

40. CONTINGENT LIABILITIES

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) <u>Corporate guarantee given for subsidiary and other companies</u>	262,978	394,796	262,978	394,796

(b) There are pending cases before the Supreme Court between the Company and various persons claiming to be owners of portions of land totalling 248 hectares situated in the region of Albion, near Camp Creoles, Cascavelle and Beau Songes.

The Directors strongly believe that these claims are not justified and will have no impact on the financial statements of the Company, as the lands being claimed are registered in the name of the Company in full ownership.

(c) The Company has contingent liabilities amounting to Rs.22,000,000 in respect of claims made by some ex-employees. The company is being sued by these ex-employees for pension related claims or compensation at the punitive rate for unfair dismissal. The outcome of these legal cases are still uncertain. The directors strongly believe that these claims made by these ex-employees are not justified and consequently, no provision has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

41. ACQUISITION OF INVESTMENT IN SUBSIDIARY

- (a) During the year ended June 30, 2019 the Group acquired a 50.16% interest in Concorde Tourist Guide Agency Limited for Rs.136,936,800 in cash. The principle activities of Concorde Tourist Guide Agency Limited is the provision of travel and tourism services.

	2019 Rs.'000
Purchase consideration	136,937
Fair value of equity interest in Concorde Tourist Guide Agency Limited	(105,056)
Goodwill	31,881

The goodwill arising from the acquisition is mainly attributable to the potential profitability of the acquired business in the long term.

- (b) Recognised amounts of identifiable assets acquired and liabilities assumed

	Cost 2019 Rs.'000	Fair value 2019 Rs.'000
Property, plant and equipment	13,673	13,673
Intangible assets	1,161	1,161
Investment in financial assets	20,000	18,000
Deferred tax assets	4,189	4,189
Trade and other receivables	62,699	62,699
Amount receivable from group companies	194,258	194,258
Cash and cash equivalents	48,290	48,290
Retirement benefit obligations	(25,794)	(25,794)
Trade and other payables	(105,195)	(105,195)
Current tax liabilities	(1,839)	(1,839)
	211,442	209,442
Ownership interest		50.16%
Fair value of equity interest in Concorde Tourist Guide Agency Limited		105,056

The non-controlling interest measure at proportionate share of acquiree's net assets at acquisition was Rs.104,386,000.

- (c) Net cash outflow on acquisition of subsidiary

	2019 Rs.'000
Purchase consideration	136,937
Less: Cash and cash equivalents balances acquired	(48,290)
Net cash outflow on acquisition of subsidiary	88,647

- (d) The revenue included in the consolidated Financial Statement since acquisition was Rs.83,785,000. Concorde Tourist Agency Limited also contributed profit of Rs.3,180,000 over the same period. Had Concorde Tourist Agency Limited been consolidated from July 1, 2018, revenue would have been Rs.147,390,000 and profit would have been Rs.5,674,000.

42. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- (a) In May 2019, the Group acquired an additional 0.07% interest in Concorde Tourist Guide Agency Limited for Rs.141,000 in cash, increasing its ownership from 50.16% to 50.23%. The carrying amount of Concorde Tourist Guide Agency Limited's net assets in the financial statements on the date of the acquisition was Rs.201,471,000. The Group recognised a decrease in non-controlling interest of Rs.140,000 and a decrease of Rs.1,000 in retained earnings.
- (b) In June 2019, the Group acquired an additional 43.11% interest in Cascaville Shopping Mall Limited for Rs.131,002,000 in cash, increasing its ownership from 56.89% to 100%. The carrying amount of Cascaville Shopping Mall Limited's net assets in the financial statements on the date of the acquisition was Rs.294,430,000. The Group recognised a decrease in non-controlling interest of Rs.126,927,000 and a decrease of Rs.4,075,000 in retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

43. ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

(a) During the year ended June 30, 2020, land held of sale with carrying amount of Rs.122,212,000 meeting the criteria for classification as assets held-for-sale was transferred from property, plant and equipment.

(b) During the year ended June 30, 2019, the discontinued operations are as follows:

(i) The management of Medine Limited has approved the proposal to dispose of its investment in Tamarina Beach Club Hotel Limited and Tamarina Golf Club Limited excluding certain assets, liabilities and activities related to the land and buildings of both companies. Consequently, these assets and liabilities to be disposed have been classified as held for sale by the Group. The operational results have therefore been classified under discontinued operations.

In 2020, the proposed disposal did not go ahead and the results for 2019 were re-presented in continuing operations in accordance with 36 of IFRS 5.

(ii) The Medine Sugar Milling Company Limited is insolvent and consequently on September 25, 2018, the Management have approved the decision to close permanently the milling operations as from the end of Crop 2018. In compliance with Section 30 of the Mauritius Cane Industry Authority Act 2011, the Ministry of Agro Industry and Food Security has approved the closure of the sugar factory on March 29, 2019, subject to the fulfillment of certain conditions. Consequently, certain assets and liabilities to be disposed have been classified as held for sale by the Group. The operational results have therefore been classified under discontinued operations. Due to consideration beyond the control of the Group, including the border lock down, the disposal has not yet been completed.

(iii) The management of Medine Limited have decided to cease the poultry activities. Consequently, certain assets were disposed during the year and other assets were rented out to Imodis Ltd. The operational results of the poultry activities have therefore been classified under discontinued operations.

(iv) During the year ended June 30, 2019, the Company has disposed of its 50% interest in The Indian Ocean Rum Company Limited. The operational results have therefore been classified under discontinued operations.

(c) The assets and liabilities classified as held for sale are as follows:

(i) THE GROUP

	2020		
	The Medine Sugar Milling Company Limited	Medine Limited	Total
	Rs.'000	Rs.'000	Rs.'000
Assets			
Property, plant and equipment	70,000	122,212	192,212
Inventories	798	-	798
Trade and other receivables	741	-	741
Other current assets	1,068	-	1,068
Cash and cash equivalents	196	-	196
	72,803	122,212	195,015
Liabilities			
Borrowings	164,434	-	164,434
Bank overdraft	65,342	-	65,342
Retirement benefit obligation	46,781	-	46,781
Trade and other payables	7,882	-	7,882
	284,439	-	284,439
Net (liabilities)/assets	(211,636)	122,212	(89,424)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

43. ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

(ii) THE GROUP

	2019			
	The Medine Sugar Milling Company Limited	Tamarina Golf Club Limited	Tamarina Beach Club Limited	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets				
Property, plant and equipment	75,005	14,936	10,427	100,368
Intangible assets	-	-	304	304
Inventories	960	5,542	4,515	11,017
Trade and other receivables	16,736	6,029	5,060	27,825
Provision for impairment on trade receivables	-	(381)	(464)	(845)
Other financial assets at amortised cost	311	-	-	311
Other current assets	1,658	1,533	987	4,178
Cash and cash equivalents	197	-	2,250	2,447
	94,867	27,659	23,079	145,605
Liabilities				
Borrowings	182,801	-	-	182,801
Bank overdraft	67,171	-	-	67,171
Retirement benefit obligation	6,717	2,771	2,365	11,853
Trade and other payables	58,705	4,441	9,190	72,336
Contract liabilities	-	6,446	6,178	12,624
	315,394	13,658	17,733	346,785
Net (liabilities)/assets	(220,527)	14,001	5,346	(201,180)

(d) The results for the assets in the process of being disposed are disclosed below. The comparative figures have been re-presented in accordance with IFRS 5 paragraph 36.

	2020	2019		
	The Medine Sugar Milling Company Limited	Poultry/ Associate Activities	The Medine Sugar Milling Company Limited	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	17,323	103,087	146,847	249,934
Operating expenses	(6,346)	(103,833)	(109,258)	(213,091)
Profit/(loss) before tax	10,977	(746)	37,589	36,843
Other income	9,874	-	3,784	3,784
Other gains - net	-	23,500	(153)	23,347
Impairment losses	(13,300)	(30,000)	(14,537)	(44,537)
Finance cost	(28,675)	-	(17,721)	(17,721)
(Loss)/profit for the year from discontinued operations	(21,124)	(7,246)	8,962	1,716
Other comprehensive income:				
Remeasurement of retirement benefit obligations	(41,529)	-	10,264	10,264
Total comprehensive income	(62,653)	(7,246)	19,226	11,980

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

43. ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

(e) Summarised cash flow information

THE GROUP	2020	2019		
	The Medine Sugar Milling Company Limited	Poultry Activities	The Medine Sugar Milling Company Limited	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating cash flows	21,346	(746)	(26,631)	(27,377)
Investing cash flows	(1,151)	25,000	(403)	24,597
Financing cash flows	(18,367)	-	(17,952)	(17,952)
Net increase/(decrease) in cash and cash equivalents	1,828	24,254	(44,986)	(20,732)

(f) The asset classified as held for sale are as follows:

	Medine Limited
	Rs.'000
Property, plant and equipment - Land	122,212

(g) The results for the year ended June 30, 2020 for the assets in the process of being disposed are disclosed below.

THE HOLDING COMPANY	2019		
	Poultry Activities	Milling activities	Total
	Rs.'000	Rs.'000	Rs.'000
Revenue	103,087	-	103,087
Operating expenses	(103,833)	-	(103,833)
Profit before tax	(746)	-	(746)
Other gains - net	17,880	-	17,880
Impairment losses	(30,000)	(213,887)	(243,887)
Loss for the year from discontinued operations	(12,866)	(213,887)	(226,753)

Included in the impairment losses (note 32), is an amount of Rs.42,216,000 in respect of the bank borrowings of The Medine Sugar Milling Company Limited, a subsidiary company of Medine Limited. On June 25, 2019, the Board of Directors of Medine Limited resolved to repay the bank borrowings of this subsidiary company.

(h) THE HOLDING COMPANY

	2020	2019		
	Milling activities	Poultry/ Associate Activities	Milling activities	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating cash flows	-	(746)	-	(746)
Investing cash flows	-	25,000	-	25,000
Financing cash flows	-	-	-	-
Net increase in cash and cash equivalents	-	24,254	-	24,254

44. SEGMENT REPORTING

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different resources and marketing strategies.

There are four main reportable segments:

- **Agro** - planter and miller of sugar cane for the production of sugar and by-products of sugar cane namely molasses and bagasses, sale of electricity, production of vegetables and fruits, landscaping and nursery.
- **Leisure** - operates a golf course and a hotel resort, casela nature and leisure park, nature escapade and revenue from forestry and deer farming.
- **Property** - land transactions, rental of office and commercial buildings and property development.
- **Education** - provides integrated infrastructure for tertiary education provided by specialist institution.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

44. SEGMENT REPORTING (CONT'D)

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance on the basis of profit or loss and account for intersegment sales and transfers as if the sales or transfer were to third parties, that is, at current market prices.

	Agro Rs.'000	Leisure Rs.'000	Property Rs.'000	Education Rs.'000	Others Rs.'000	Total Rs.'000
<u>June 30, 2020</u>						
Revenues	547,030	484,095	330,239	43,313	1,752	1,406,429
Segment result	36,606	(144,068)	77,401	(34,037)	(162,078)	(226,176)
Profit on sale of land	-	-	169,085	-	-	169,085
Impairment losses	(34,921)	(39,241)	(61,147)	-	-	(135,309)
Fair value (loss)/gain of investment properties	-	-	(115,763)	-	80,452	(35,311)
Share of profit/(loss) in associates	-	687	(7,542)	6,576	754	475
Profit/(loss) before finance costs	1,685	(182,622)	62,034	(27,461)	(80,872)	(227,236)
Finance costs	(28,284)	(40,476)	(171,833)	(3,129)	(75,691)	(319,413)
Loss before taxation	(26,599)	(223,098)	(109,799)	(30,590)	(156,563)	(546,649)
Income tax charge	-	(6,607)	(14,532)	-	-	(21,139)
Loss for the year	(26,599)	(229,705)	(124,331)	(30,590)	(156,563)	(567,788)
Loss attributable to:						
- Owners of the parent						(550,004)
- Non-controlling interests						(17,784)
Profit for the year						(567,788)
Segment assets	5,078,445	2,421,742	11,171,510	108,906	-	18,780,603
Associates	-	30,662	-	114,527	-	145,189
Unallocated assets	-	-	-	-	5,220,266	5,220,266
Total assets	5,078,445	2,452,404	11,171,510	223,433	5,220,266	24,146,058
Segment liabilities	475,795	571,920	2,258,181	90,294	-	3,396,190
Unallocated liabilities	-	-	-	-	5,657,171	5,657,171
Total liabilities	475,795	571,920	2,258,181	90,294	5,657,171	9,053,361
Other segment items						
Capital expenditure	7,734	38,321	49,716	1,088	10,837	107,696
Depreciation	41,368	91,005	39,231	1,949	3,945	177,498
Depreciation of ROU assets	8,010	3,679	1,009	-	802	13,500
Amortisation of intangible	60	2,446	254	288	66	3,114

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

44. SEGMENT REPORTING (CONT'D)

	Agro Rs.'000	Leisure Rs.'000	Property Rs.'000	Education Rs.'000	Others Rs.'000	Total Rs.'000
<u>June 30, 2019</u>						
Revenues	708,047	702,961	285,997	47,636	13,592	1,758,233
Segment result	3,714	28,768	61,203	(23,102)	(66,102)	4,481
Profit on sale of land	-	-	439,874	-	-	439,874
Impairment losses	(44,537)	(12,654)	(59,317)	(260)	(4,898)	(121,666)
Other gains/(losses) - net	-	-	-	-	21,121	21,121
Fair value gain of investment properties	-	-	226,146	-	-	226,146
Share of profit/(loss) in associates	-	8,040	2,475	5,116	(4,627)	11,004
(Loss)/profit before finance costs	(40,823)	24,154	670,381	(18,246)	(54,506)	580,960
Finance costs	(36,775)	(57,681)	(148,501)	(8,608)	(71,211)	(322,776)
(Loss)/profit before taxation	(77,598)	(33,527)	521,880	(26,854)	(125,717)	258,184
Income tax charge	-	12,437	(1,965)	-	-	10,472
(Loss)/profit for the year	(77,598)	(21,090)	519,915	(26,854)	(125,717)	268,656
Loss attributable to:						
- Owners of the parent						263,831
- Non-controlling interests						4,825
Loss for the year						268,656
Segment assets	5,099,697	3,039,983	9,351,701	67,289	-	17,558,670
Associates	-	33,975	7,541	103,951	(753)	144,714
Unallocated assets	-	-	-	-	6,436,161	6,436,161
Total assets	5,099,697	3,073,958	9,359,242	171,240	6,435,408	24,139,545
Segment liabilities	712,963	721,115	1,893,580	52,589	-	3,380,247
Unallocated liabilities	-	-	-	-	4,690,694	4,690,694
Total liabilities	712,963	721,115	1,893,580	52,589	4,690,694	8,070,941
Other segment items						
Capital expenditure	16,636	67,576	557,335	1,492	8,926	651,965
Depreciation	44,398	103,310	32,998	2,208	2,622	185,536
Amortisation	-	2,411	223	105	1,987	4,726

- (a) Other operations of the Group comprised mainly of holding of investment which are not of a sufficient size to be reported separately.
- (b) There sales or other transactions among the business segments has been eliminated from the segment results. Others represent unallocated costs and corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, investments in associates, deferred expenditure, biological assets, inventories, receivables and operating cash, and exclude investments in financial assets at fair value through other comprehensive income. Segment liabilities comprise mainly of payables, borrowings, leases, retirement benefit obligations and exclude items such as corporate borrowings and proposed dividend. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The company operates only in Mauritius and all sales are made on the local market.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

45. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Associated Companies		Directors and Key Management Personnel		Companies with Common Shareholders	
	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sales of goods or services	118	12,733	-	-	-	4,517
Purchase of goods or services	261	12,552	-	-	-	1,833
Rental income	40,267	38,192	-	-	-	1,632
Management fee receivable	874	2,867	-	-	-	16,443
Remuneration and benefits	-	-	122,110	103,837	-	-
Dividend receivable	4,000	10,000	-	-	-	-
Interest income	-	4,943	-	-	-	261
Interest expense	-	619	-	-	-	2,182
Amount owed to related parties	7,081	25,155	-	-	-	-
Amount owed by related parties	99,125	92,770	-	3,359	-	95

(b) THE HOLDING COMPANY

	Subsidiaries		Associated Companies		Directors and Key Management Personnel		Companies with Common Shareholders	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sales of goods or services	31,779	43,329	118	8,866	-	-	190	4,509
Purchase of goods or services	2,263	29,420	261	3,431	-	-	14	1,400
Rental income	-	5,859	-	49	-	-	-	1,632
Rental expenses	-	3,259	-	-	-	-	-	-
Management fee receivable	30,240	80,634	874	429	-	-	-	16,443
Remuneration and benefits	-	-	-	-	97,520	88,154	-	-
Dividend receivable	6,632	6,623	-	-	-	-	-	-
Interest income	99,964	58,160	5,643	4,943	-	-	44	261
Interest expense	5,894	6,856	336	619	-	-	-	2,182
Amount owed to related parties	218,037	223,904	7,081	25,155	-	-	-	-
Amount owed by related parties	1,733,435	1,531,336	99,125	77,157	-	3,359	-	95

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

45. RELATED PARTY TRANSACTIONS (CONT'D)

- (c) The amount owed to/by related parties are unsecured, carried interest rate of 4.25% (2019: 4.25%) p.a and settlement occurs in cash.

There has been no guarantees provided or received for any related party payables or receivables.

For the year ended June 30, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2019: nil). For the year ended June 30, 2020, the Company has recorded an impairment of receivables of Rs.65,376,000 (2019: Rs.43,887,000) relating to amounts owed by related parties. 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.

- (d) **KEY MANAGEMENT PERSONNEL COMPENSATION**

	THE GROUP		THE HOLDING COMPANY	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Salaries and short-term employee benefits	113,074	94,104	89,319	79,530
Post-employment benefits	9,036	9,733	8,201	8,624
	122,110	103,837	97,520	88,154

46. CHANGES IN ACCOUNTING POLICIES

- (a) **Impact on the financial statements - IFRS 16**

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 Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

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:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- 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.

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 most 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	Lease of buildings and motor vehicles: 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% for operating leases.
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).	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

46. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

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

THE GROUP			June 30, 2019 *	IFRS 16	July, 1 2019
		Adjustments	Rs.'000	Rs.'000	Rs.'000
<u>Assets</u>					
Property, plant and equipment	(a)		15,502,005	(861)	15,501,144
Right-of-use assets	(b)		-	33,833	33,833
<u>Liabilities</u>					
Loans and borrowings	(c)		6,410,938	(1,813)	6,409,125
Lease liabilities	(d)		-	34,785	34,785

THE COMPANY			June 30, 2019 *	IFRS 16	July, 1 2019
		Adjustments	Rs.'000	Rs.'000	Rs.'000
<u>Assets</u>					
Property, plant and equipment	(a)		10,237,117	(861)	10,236,256
Right-of-use assets	(b)		-	26,570	26,570
<u>Liabilities</u>					
Loans and borrowings	(c)		4,478,026	(1,813)	4,476,213
Lease liabilities	(d)		-	27,522	27,522

* The June 30, 2019 figures are subsequent to the prior year adjustment in note 47.

(a) The Group and the Holding Company

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.4,920,000 and accumulated depreciation by Rs.4,059,000 for a net adjustment of Rs.861,000.

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

	THE GROUP	THE HOLDING COMPANY
	Rs.'000	Rs.'000
Adjustment noted in (a) - finance type leases	861	861
Operating type leases	32,972	25,709
Right-of-use assets	33,833	26,570

(c) Loans and borrowings were adjusted to reclassify leases previously classified as finance type to lease liabilities.

(d) The adjustment to lease liabilities is as follows:

	THE GROUP	THE HOLDING COMPANY
	Rs.'000	Rs.'000
Adjustment noted in (c)	1,813	1,813
Operating type leases	32,972	25,709
	34,785	27,522

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

46. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

	THE GROUP	THE COMPANY
	2019	2019
	Rs.'000	Rs.'000
Minimum operating lease commitment at July1, 2019	-	-
Operating type leases	32,972	25,709
Plus: leases previously classified as finance type under IAS 17	1,813	1,813
Lease liabilities as at July 1, 2019	34,785	27,522
Of which are:		
Current lease liabilities	12,305	8,727
Non-current lease liabilities	22,480	18,795
	34,785	27,522

47. EFFECT OF PRIOR YEAR ADJUSTMENTS

During the year the Group and the Company made certain adjustments relating to previous periods which have been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors as depicted below.

- (a) Revaluation surplus

Land titles have been transferred from the Medine Limited to one of its subsidiaries during the year ended June 30, 2018. These lands were valued at Rs.3,087,811,000 based on an independent valuation representing gain of Rs.1,402,439,000. These revaluations were not recorded in the Group's financial statements and thus have been restated retrospectively at July 1, 2018.

- (b) Classification of land in the process of development

The Company and the Group has land amounted to Rs.1,423,535,000 which were in the process of development for sale in the ordinary course of business. These lands, previously classified under property, plant and equipment have been retrospectively transferred to land development inventories.

THE GROUP	2018		
	As previously stated	Adjustments	As restated
	Rs.'000	Rs.'000	Rs.'000
Statement of financial position			
Property, plant and equipment	16,573,642	(21,096)	16,552,546
Land development inventories (non-current)	1,037,129	1,423,535	2,460,664
Revaluation surplus and other reserves	13,003,572	1,402,439	14,406,011

THE GROUP	2019		
	As previously stated	Adjustments	As restated
	Rs.'000	Rs.'000	Rs.'000
Statement of financial position			
Property, plant and equipment	15,523,101	(21,096)	15,502,005
Land development inventories (non-current)	816,428	1,423,535	2,239,963
Revaluation surplus and other reserves	13,026,565	1,402,439	14,429,004

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

47. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE HOLDING COMPANY

	2018		
	As previously stated	Adjustments	As restated
	Rs.'000	Rs.'000	Rs.'000
Statement of financial position			
Property, plant and equipment	11,865,781	(1,423,535)	10,442,246
Land development inventories (non-current)	231,144	1,423,535	1,654,679
	2019		
	As previously stated	Adjustments	As restated
	Rs.'000	Rs.'000	Rs.'000
Statement of financial position			
Property, plant and equipment	11,655,652	(1,423,535)	10,232,117
Land development inventories (non-current)	196,027	1,423,535	1,619,562

These prior period adjustments did not have any effect on the reported earnings per share (EPS) for the relevant periods. There were no current and deferred tax effect on these prior period adjustments.

48. GOING CONCERN AND EVENTS AFTER REPORTING DATE

COVID-19

The outbreak of COVID-19 caused significant volatility and disruption to the economic environment in which the Group operates. The prolonged imposition of travel bans, quarantines, lockdowns and other health security measures have negatively impacted the Group's operations where the leisure, hospitality and property activities were completely halted during the lockdown period and continue to be impacted by the border closure.

As a result of the COVID-19 impact, the Group made an assessment of impairment on its assets including property, plant and equipment, goodwill and investments. The impairment resulting from the comparison of the recoverable amount against the carrying amount have been recorded in the financial statements. Refer to note 32 for further details. Similarly, the Group's investment properties, especially those operating in the retail sector have recorded a decrease in fair value. Rent concession given were reflected in the fair value of these properties at June 30, 2020.

The Group and the Company reported net losses for the year ended June 30, 2020 of Rs.567,788,000 and Rs.494,695,000 respectively. At that date, the current liabilities exceed the current assets by Rs.983,349,000 for the Group and Rs.69,781,000 for the Company. There are still uncertainties regarding the future developments and how the economic environment will continue to be impacted, thereby affecting the Group's demand for its products and services. Considering these factors, the directors made an assessment of going concern for at least the next twelve months. The Group has prepared cashflow forecasts taking a conservative view of the recovery process to assess its liquidity needs. The Group has also taken various actions to ensure it has the necessary facilities and fundings to mitigate the potential downsides arising from the impact of COVID-19. In this respect, the Group has successfully negotiated the conversion of short-term loans of Rs.275,000,000 which are due within one year to medium term loans whilst another Rs.200,000,000 of short terms loans are under negotiation for conversion into terms loans with maturity after more than one year. It has also secured additional facilities of Rs.350,000,000 from which the Group may utilise to meet its short-term liquidity needs. The Group is also in the process of finalising a number of sales of undeveloped land which will cover any shortfall in cash flows. The Group has successfully launched two morcellement projects with significant initial bookings demonstrating its ability to generate operating cash flows necessary for meetings its obligation as they fall due beyond the next twelve months period. The Group may also dispose of its investments in quoted securities should unexpected cashflow requirements arise. Based on the above, the Group has concluded that it can operate well within the facility limits provided by its lenders for a period of at least the next twelve months. Accordingly, the directors concluded that the going concern assumptions is appropriate in the preparation of the financial statements for the year ended June 30, 2020.

Other than described above, there were no other material event after the reporting date to the date that these financial statements were authorised for issue that warrants adjustments or disclosures in these financial statements.



SHAREHOLDERS' CORNER



MEDINE LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 109th Annual Meeting of the Shareholders of the Company will be held at 5 Uniciti Office Park, Rivière Noire Road, Bambous on Friday 18 December 2020 at 10.00 a.m. to transact the following business:

Agenda

1. To receive, consider and approve the Group's and Company's audited financial statements for the financial year ended 30 June 2020, including the annual report and the auditor's report.
2. To reappoint Mr. Lajpati Gujadhur as Director of the Company until the next annual meeting in compliance with section 138 (6) of the Companies Act 2001.
3. To reappoint Mr. Ramapatee Gujadhur as Director of the Company until the next annual meeting in compliance with section 138 (6) of the Companies Act 2001.
4. To reappoint Mr. Jacques Tin Miow Li Wan Po, G.O.S.K. as Director of the Company until the next annual meeting in compliance with section 138 (6) of the Companies Act 2001.
5. To reappoint Messrs. Ernst & Young as auditor of the Company for the financial year ending 30 June 2021 and authorise the Board of Directors to fix its remuneration.
6. To ratify the remuneration paid to the auditor for the financial year ended 30 June 2020.

By Order of the Board



Patricia Goder
Company Secretary

26 November 2020

NOTES:

1. A shareholder of the Company may appoint a proxy to attend and vote at the meeting on his behalf. The instrument appointing the proxy must be deposited at the registered office of the Company, 4 Uniciti Office Park, Rivière Noire Road, Bambous 90203, not less than twenty-four hours before the meeting.
2. Profiles of the Directors are set out in the Annual Report.
3. The Annual Report for the financial year ended 30 June 2020 is available on the Company's website: www.medine.com. Shareholders of the Company may also request a printed or soft copy of the Annual Report by sending an email to the Company Secretary on corporate@medine.com or by sending a letter to the latter at 4 Uniciti Office Park, Rivière Noire Road, Bambous 90203.

MEDINE LIMITED

PROXY FORM

I/We (Block Capitals, please) _____ being a shareholder/
shareholders of the above-named Company, hereby appoint _____ of _____ or failing him
_____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting
of the Shareholders of the Company to be held on **Friday 18 December 2020 at 10.00 a.m.** and at any adjournment thereof.

Signed this _____ day of _____ 2020.

Please indicate with an **X** in the spaces below how you wish your votes to be cast.

		FOR	AGAINST
RESOLUTION 1	To receive, consider and approve the Group's and Company's audited financial statements for the financial year ended 30 June 2020, including the annual report and the auditor's report.		
RESOLUTION 2	To reappoint Mr. Lajpati Gujadhur as Director of the Company until the next annual meeting in compliance with section 138 (6) of the Companies Act 2001.		
RESOLUTION 3	To reappoint Mr. Ramapatee Gujadhur as Director of the Company until the next annual meeting in compliance with section 138 (6) of the Companies Act 2001.		
RESOLUTION 4	To reappoint Mr. Jacques Tin Miow Li Wan Po, G.O.S.K. as Director of the Company until the next annual meeting in compliance with section 138 (6) of the Companies Act 2001.		
RESOLUTION 5	To reappoint Messrs. Ernst & Young as auditor of the Company for the financial year ending 30 June 2021 and authorise the Board of Directors to fix its remuneration.		
RESOLUTION 6	To ratify the remuneration paid to the auditor for the financial year ended 30 June 2020.		

- NOTES**
1. A member may appoint a proxy of his own choice.
 2. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
 3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
 4. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
 5. To be valid, this form must be completed and deposited at the registered office of the Company, 4 Unicity Office Park, Rivière Noire Road, Bambous 90203, not less than twenty-four hours before the time fixed for holding the meeting or adjourned meeting.

