CONSTANCE LA GAIETÉ

COMPANY LIMITED

ANNUAL REPORT **2019**

Contents

Dear Shareholder,

The effects of the global COVID-19 pandemic significantly disrupted our Company's reporting calendar, causing a delay in the presentation of its Annual Report and Audited Financial Statements for the year ended 31 December 2019.

The Board of Directors is pleased to present the Annual Report 2019 of Constance La Gaieté Company Limited which was approved on 29 June 2020.

George J. Dumbell
Chairman

Jean Ribet
Executive Director
Constance Group Chief Executive Officer

Report of the Directors

Dear Shareholder,

It is our pleasure to present to you our Annual Report for the year ended 31 December 2019.

Business Overview Industry Review

In comparison with 2019, total sugar production increased by 7,699 tonnes, to reach 331,105 tonnes. Some 3.405 million tonnes of cane were harvested from 45,054 hectares, yielding 75.58 tonnes per hectare.

Industry Comparative Results (2015–19)

Year	**2019**	2018	2017	2016	2015
Area harvested (hectares)	**45,054**	47,678	49,974	51,476	52,387
Cane harvested (thousand tonnes)	**3,405**	3,155	3,713	3,798	4,009
Cane yield (tonnes/ha)	**75.58**	66.16	74.31	73.79	76.53
Cane crushed (thousand tonnes)	**3,403**	3,153	3,711	3,796	4,004
Sugar produced (thousand tonnes)	**331**	324	355	386	366
Extraction rate (%)	**9.73**	10.26	9.57	10.18	9.14
Sugar yield (tonnes/ha)	**7.35**	6.78	7.11	7.50	6.99

Year in Review

2019 Sugarcane Harvest

2019 harvest was plagued by an unprecedented number of criminal fires which affected the cane yield and sugar production as well as heavily disrupting the harvest planning. Total cane harvested was marginally higher than previous year but still below the average capacity. Sugar produced was well below the average potential and this translated into total sugar production of 12,697 tonnes of which 9,903 tonnes accrued to the Company.

Estate Cane and Sugar Production

Crop Year	**2019**	2018	2017	2016	2015
Area harvested (hectares)	**1,935**	1,919	1,971	1,998	2,032
Cane yield per hectare (tonnes)	**65.64**	63.32	72.38	69.66	70.33
Total cane harvested (tonnes)	**127,028**	121,568	142,635	139,211	142,882
Sugar produced per hectare (tonnes)	**6.56**	6.76	7.22	7.34	6.64
Sugar produced (tonnes)	**12,697**	12,981	14,231	14,666	13,495
Share of sugar produced (tonnes)	**9,903**	10,125	11,100	11,439	10,526
Extraction (%)	**10.00**	10.68	9.98	10.53	9.45

Financial Performance

Although sugar produced was lower than previous year, revenue generated including sugar, molasses and bagasse production were almost at par; with the slightly improved sugar price compensating for the lower Share of Sugar Produced.

Group revenue, however, improved on 2018 owing mainly to increases generated from rent of immovable assets and the compensation received from Sugar Insurance Fund Board.

After booking other income derived mainly from the sale of land of MUR 58 million (2018: MUR 35.6 million) and finance costs of MUR 15.2 million (2018: MUR 8.9 million) loss from ordinary activities was reduced significantly to MUR 1.6 million (2018: loss MUR 30.2 million).

Loss for the period however totalled MUR 165.6 million (2018: 22.3 million) after booking MUR 157.7 million share of loss from associated companies composed mainly of impairment provision taken by our main investee companies.

Key Financial Results and Ratios

GROUP		**31 Dec 2019**	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Revenue	MUR'000	**259,489**	219,262	262,372	294,921	289,988
Operating and other expenses	MUR'000	**(305,357)**	(303,589)	374,544	312,301	333,478
Operating loss	MUR'000	**(44,391)**	(86,370)	(112,172)	(17,380)	(43,490)
(Loss)/profit after taxation	MUR'000	**(165,647)**	(22,312)	(117,373)	38,327	8,931
Total assets	MUR'000	**960,625**	981,438	867,420	936,512	908,287
Total equity	MUR'000	**213,211**	387,216	394,194	539,597	524,274
Total borrowings	MUR'000	**358,488**	293,213	146,498	95,303	77,235
Net assets per share	MUR	**44.42**	80.67	82.12	112.42	109.22
(Loss)/earnings per share	MUR	**(34.51)**	(4.65)	(24.45)	7.98	1.86
Dividend per share	MUR	**N/A**	N/A	4.50	4.50	4.50
Share price	MUR	**100.25**	117.00	121.00	100.50	100.00
Price–earnings ratio		**N/A**	N/A	N/A	12.59	53.76
Volume of shares traded		**33,242**	641,926	30,876	40,134	40.026

Non-sugar Activities

Diversification of our activities remains a priority to generate alternative sustainable revenues to mitigate the impact of sugar market downturns. Broiler production, deer farming, pineapple production and cattle rearing are our main diversification activities. Furthermore, a hydroponic intensive vegetable farm is planned this year to service the growing market for fresh quality vegetables.

Real Estate

In spite of having received the necessary letter of intent, the infrastructural works at Boulet Rouge III were further delayed because, yet again, additional permits were required by the authorities. These permits have now been obtained and works have started on site. Management is already working on Boulet Rouge IV to answer the heavy demand for affordable residential plots in this area.

A modern Headquarters building complex was completed last year at Constance Business Park. Another building is currently being rehabilitated and should be handed over during 2021. Further projects are planned, which will enhance this modern and pleasant area.

Real Estate (continued)

The development of Centre de Flacq – Hermitage – Constance Area is taking shape; it comprises a mix of retail extension, residential and educational projects. Road network strategy and concept plans are almost completed, which enables us to gauge the development potential of this area.

This being said, given the adverse economic impact from the recent lockdown periods and leading into an anticipated slow-down in activities generally, Management will cautiously reassess the merits of each of the projects mentioned.

Outlook

Although 2020 growing season was favourable for cane evolution, with a good rainfall distribution, preliminary cane harvest results are disappointing. Sugar extraction on the other hand tends to be better than previous year.

The Company remains heavily dependent on the sugar price, which is forecast to improve slightly for crop year 2020. It is nonetheless expected that given the rigidity of the industry, in particular its labour laws and high historical cost base, the Company's core business will be loss-making.

Furthermore, the outbreak of COVID-19 pandemic is presenting unprecedented challenges to economic activities globally. As the situation is evolving rapidly, it needs to be monitored closely as to the extent of its impact locally. As for the Company, COVID-19 had no major operational impact apart from delays encountered in its cane replanting programme.

Dividend

No dividend was declared in December 2019 (2018: Nil per share).

Corporate Governance

The Board of Directors has the overall responsibility of ensuring that your Company complies with standards of good corporate governance and best international practice.

During the year under review, the Board assessed the requirements and provisions as specified in the National Code of Corporate Governance for Mauritius (2016) (the 'Code'). Further initiatives were undertaken to enhance further our corporate governance standards. A website has been developed so that information that needs to be disclosed to you and to other stakeholders is now easily accessible.

The Corporate Governance Report is on page 5.

Code of Ethics and Conduct

Your Company is committed to the highest standards of integrity and ethical conduct in its dealings with all its stakeholders. It has adopted a Code of Ethics and Conduct, as well as a specific Code of Ethics and Conduct for Directors and for its Business Partners, which emphasise standards that have been part of the Company's unwritten daily code of behaviour and which goes beyond the requirements of law.

Acknowledgements

On behalf of the Board, we extend our gratitude to the Company's Management and staff for their dedication and commitment, in the face of the continuing challenges in the industry.

Approved by the Board of Directors and signed on its behalf on 29 June 2020.

George J. Dumbell
Chairman

Jean Ribet
Executive Director
Constance Group Chief Executive Officer

1. STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity: Constance La Gaieté Company Limited

Reporting Period: 01 January 2019 to 31 December 2019

We, the Directors of Constance La Gaieté Company Limited, confirm to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance, except in the following areas:

Principles	Areas of Non-Application	Reason for Non-Application
Principle 3: Director's Appointment Procedures	Directors should be elected on a regular basis at the annual meeting of shareholders.	The Board does not favour the re-election of Directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. Furthermore, in accordance with its Constitution, not more than one third of the Directors in office retire at every Annual Meeting – the latter being eligible for re-election.
Principle 4: Duties, Remuneration and Performance of Director	**Board Evaluation and Development:** Evaluation of the Board by an external and independent facilitator.	A comprehensive Board evaluation exercise, led by the Chairman, is carried out every two years. The Board considers that the current evaluation process satisfies the Company's present requirements.

Signed by

George J. Dumbell
Chairman

Jean Ribet
Executive Director
Constance Group Chief Executive Officer

29 June 2020

2. STATEMENT ON CORPORATE GOVERNANCE

Constance La Gaieté Company Limited is a public company listed on the DEM Market of the Stock Exchange of Mauritius Ltd and is a Public Interest Entity as defined under the Financial Reporting Act 2004, as amended.

In line with its Statement on Corporate Governance, Constance La Gaieté Company Limited is engaged in adhering to the National Code of Corporate Governance for Mauritius (2016) ("The Code"), issued by the National Committee on Corporate Governance, and in upholding standards of corporate governance through company-wide awareness of its business ethics and the stewardship and supervision of its Management by the Board of Directors ("Board") and respective Committees.

The National Code of Corporate Governance for Mauritius (2016), effective from the financial year beginning 01 July 2017, moved towards an "Apply and Explain" basis with eight core principles. The Board acknowledges that the Company has, throughout the year ended 31 December 2019, complied with all the requirements of the National Code of Corporate Governance for Mauritius (2016), as described by the Corporate Governance Report of the Company, except for areas mentioned on page 5 of this Annual Report.

This report, along with the Annual Report, is published in its entirety on the Company's website: **www.clgmu.com.**

We encourage our shareholders to opt for the electronic version of the Annual Report. Should you decide to do so, please send us an email on admin@constancegroup.com.

3. GOVERNANCE STRUCTURE

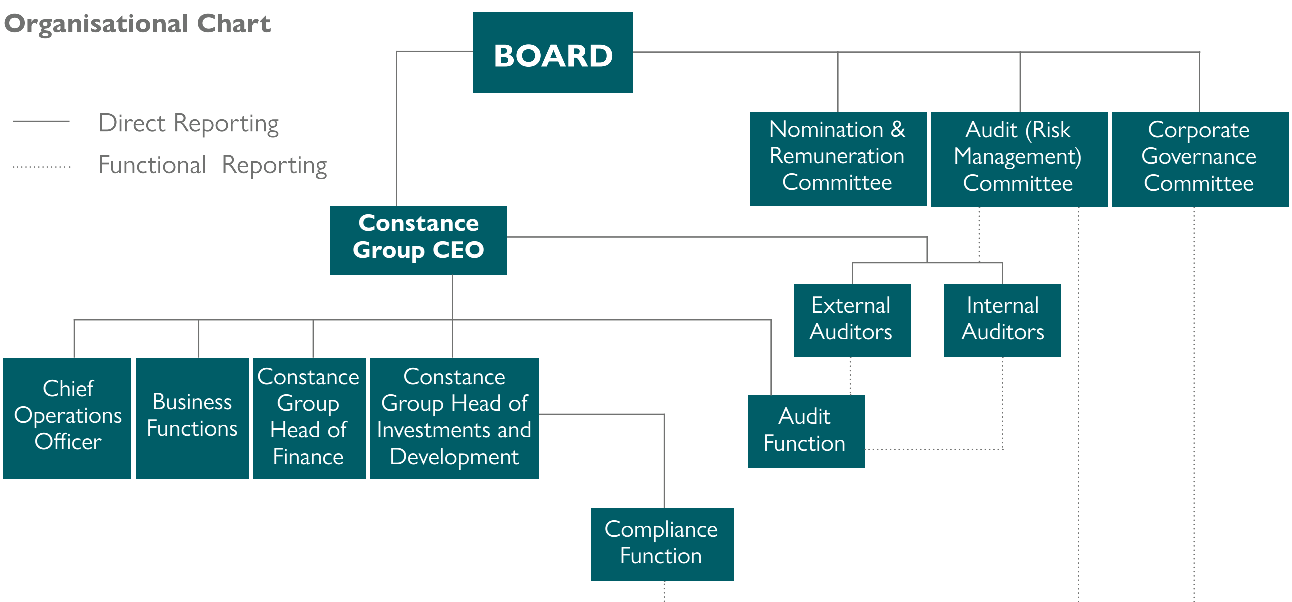
3.1 Company Constitution

There are no clauses of the Company's Constitution deemed material enough for special disclosure. A copy of the Constitution is available on the Company's website.

3.2 Governance Framework

The Board is ultimately responsible and accountable for leading and controlling the Company, in accordance with the terms of reference outlined in the Board Charter, and meeting all legal and regulatory requirements. The Board acts in the best interests of the Company and its business, whilst taking into consideration the interests of the Company's shareholders and other stakeholders.

Organisational Chart



3.2 Governance Framework (continued)

The following documents have been approved by the Board:

- Board of Directors Charter
- Committee Charters
- Codes and Policies
- Organisational Chart
- Statement of Major Accountabilities
- Position Statements of the Key Senior Governance Positions
- Job Descriptions

3.3 The Board

Board Structure

The Board structure, underpinned by related Charters, Policies and Codes, consists of the Board of Directors, the chairpersons of the following Board Committees: the Audit (Risk Management) Committee, the Corporate Governance Committee, the Nomination & Remuneration Committee, and the Company Secretary.

Key Responsibilities of the Board

The Board's key responsibilities include, inter alia, the following:

- Assuming responsibility for leading and controlling the organisation;
- Determining and approving the Company's Strategic objectives, Vision and Core values and monitoring the implementation and performance thereof;
- Assuming responsibility for the Company's overall governance practices and risk governance framework;
- Determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives;
- Assuming responsibility for the preparation of accounts that fairly present the state of affairs of the Company;
- Reviewing and approving financial and non-financial plans including but not limited to annual budgets and performance against them;
- Overseeing the Information, Information Technology (IT) and Information Security Governance within the Company and ensuring that the performance of the information and IT systems leads to business benefits and creates value;
- Overseeing compliance with Data Protection Legislation and Policy within the Company;
- Ensuring the establishment of an appropriate system of corporate governance, risk management, internal control; of appropriate policies, charters, codes and compliance with laws and regulations, and ensuring the ongoing monitoring of exceptions deriving therefrom;
- Approving acquisitions and disposals of assets;
- Assuming responsibility for the appointment of Directors to the Board and Board Committees;
- Assuming responsibility for the induction of new Directors to the Board;
- Approving the job description of Key Senior Governance Positions;
- Appointing and monitoring the performance of Senior Management and Key Senior Governance Positions and establishing a clearly-defined structure for delegation of authority and succession;

3.3 The Board (continued)

- Assuming responsibility for succession planning;
- Disclosing, stating, explaining and affirming, in the Annual Report, the Company's compliance, or otherwise, with the National Code of Corporate Governance for Mauritius (2016) in respect of each of its eight principles.
- Ensuring that the Company's website contains, where appropriate and relevant, the disclosures required by the National Code of Corporate Governance for Mauritius (2016).

The Board has delegated certain of its powers to three Board Committees and various Executives, in accordance with a number of enactments, notably the Companies Act 2001, Rules of the Stock Exchange of Mauritius, the National Code of Corporate Governance for Mauritius (2016) and Company Policies, which are outlined in the Company's Charters and Delegation of Powers by the Board.

Types of Directorship

Our team of Directors is a strong source of internal and external knowledge, experience, advice and judgement. The Company has a mix of Executive, Non-Executive and Independent Directors.

Board Size and Composition

The Company's Articles of Association stipulates that the Board shall consist of not less than eight Directors and not more than eleven Directors. Board members must be duly qualified, as specified in the Companies Act and related Regulations, Charters and Policies. In addition, the National Code of Corporate Governance recommends that a Board should have at least two Independent Directors and two Executive Directors.

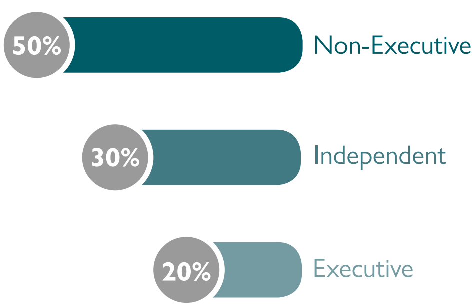
The Company is managed by a unitary Board. At year end, the Board consisted of three Independent, five Non-Executive, including one female Director and two Executive Directors. The Chairman is an Independent Director.

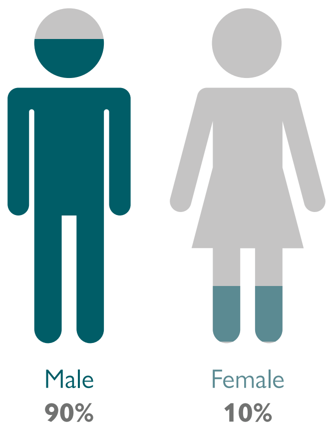
Considering the nature of the Company's operations, the Board considers that its current size and composition provides the right balance of skills, professional and sectoral know-how and experience, as well as the required independence for maintaining focus and enabling effective decision-making.

The current Board composition satisfies the needs of the Board and its Committees, given their responsibilities and the actual development phase of the Company. It also ensures that the workload is appropriately shared and enables optimum communication and interaction among the Directors.

Detailed information about the Company's Directors and Secretary can be consulted on pages 14 to 21.

Board Composition by Type of Directorship and Gender





3.3 The Board (continued)

Independence of the Chairman and Independent Directors

The Board is of the opinion that term limits are a blunt tool and that, without flexibility, they eliminate both effective and non-effective Directors. The Board, therefore, believes that it must retain discretion to preserve vital institutional memory of its high-performing and contributing members, and, therefore, does not stipulate limitations on the consecutive directorship terms of its Independent Directors, including that of its Chairman.

The Board is also of the opinion that the current Chairman and other Independent Directors continue to exercise totally independent judgement in the discharge of their respective responsibilities as Independent Directors; and that there are no relationships and circumstances that have affected or appear to have affected their judgement during the year under review. Neither the current Chairman nor the other Independent Directors have any material pecuniary relationship with the Company nor were, or are, promoters of the Company or its Holding, Subsidiaries or Associate Companies. In addition, they are independent in character and bring considerable skills, know-how, expertise and stability to the Company, which the Board considers key and essential, at the present stage of the Company's development phase, to ensure its continued and steady growth and success. These Directors play a critical role in improving corporate credibility, governance standards, risk management and acting as independent watchdogs.

3.4 Statement of Major Accountabilities

Separation of Roles and Responsibilities

There is a clear separation of responsibilities between the Chairman of the Board and the Constance Group Chief Executive Officer ("Constance Group CEO"). The Chairman has the overall responsibility to lead and ensure the effectiveness of the Board, which considers and approves the Company's overall strategy, policies, codes and charters and financial objectives. The Constance Group CEO is responsible for managing and leading the business of the Company and for implementing the strategy and policies defined by the Board.

The Position Statements for the Chairman, Constance Group CEO, and other Key Senior Governance Positions are available for consultation on the Company's website.

Chairman

The Chairman has the responsibility to ensure the smooth and efficient functioning of the Board and its Committees, to see to it that corporate governance matters are dealt with, to represent the Group externally and, particularly, to communicate with shareholders at their Annual Meeting. Working closely with the Constance Group CEO, the Constance Group Head of Investments and Development and the Company Secretary, the Chairman also ensures that new Directors receive a full and formal induction to the Group and its businesses, and that all Directors are kept fully informed of relevant matters.

Constance Group CEO

The Constance Group CEO has the responsibility to make recommendations to the Board and to achieve the Company's strategic objectives. He is responsible for providing direction to the executive team of the Company. He works closely with the Chief Operations Officer, the Constance Group Head of Investments and Development and the Constance Group Head of Finance.

Other Key Senior Governance Positions

Apart from the position of Constance Group CEO, Constance Group Head of Investments & Development, Constance Group Head of Finance, the Board has clearly identified the following other Key Senior Governance Positions within the Company: Chief Operations Officer and Risk and Compliance function. The job descriptions for these positions have been approved and are monitored and reviewed on a yearly basis by the Nomination and Remuneration Committee.

3.4 Statement of Major Accountabilities (continued)

Directors

The Directors of the Company observe and foster high ethical standards and a strong ethical culture in the organisation, and are fully aware of their general and specific responsibilities and legal duties (refer to 5.1).

Company Secretary

The Company Secretary, supported by the Company's Secretariat, acts as a vital bridge between the Board and Senior Management. In effect, the Company Secretariat ensures good information flow to the Board and its Committees and between Senior Management and the Directors. The Company Secretariat facilitates the induction of Directors and assists them in fulfilling their duties and responsibilities. It has full access to the Directors and all Directors have access to its advice and services.

Through the Chairman, it is responsible for advising the Board on corporate governance matters and for keeping the Board up to date on all legal, regulatory and other developments. In addition, it ensures effective communication with shareholders and provides assurance that shareholders' interests are duly taken care of.

The function of the Company Secretary is outsourced to La Gaieté Services Ltd, represented by Mrs Marie-Anne Adam and Mr Yan Béchard. Both are associate members of the Institute of Chartered Secretaries and Administrators (ICSA) and, as such, are qualified to act as Company Secretary.

3.5 Committees of the Board

Constitution of Board Committees

Three Board Committees have been constituted to assist the Directors in the discharge of their duties. Each Committee has written terms of reference incorporated in a Charter, which has been approved by the Board and is subject to regular review as dictated by changes in regulations and the Company's environment. Chairpersons of Committees are invited to report during each Board meeting on matters addressed by their respective Committees.

Committees					
Audit (Risk Management)		**Corporate Governance**		**Nomination & Remuneration**	
Member	*Directorship Type*	*Member*	*Directorship Type*	*Member*	*Directorship Type*
Georgina ROGERS	Non-Executive, Chairperson (Up to 01 January 2020)	George J. DUMBELL	Independent, Chairman	George J. DUMBELL	Independent, Chairman
Jean JUPPIN DE FONDAUMIÈRE	Independent, Chairman (As from 01 January 2020)	Marc FREISMUTH	Independent	Marc FREISMUTH	Independent
Noël Adolphe VALLET	Non-Executive	Jean RIBET	Executive	Jean RIBET	Executive

3.5 Committees of the Board (continued)

Audit (Risk Management) Committee

The Audit (Risk Management) Committee ("ARC"), which also has responsibility for the Company's Risk Management function, and IT Governance, consisted of three Directors (one Independent and two Non-Executive) during the year under review. Following a review by the Nomination & Remuneration Committee and approval of the board, the composition of this committee has been changed, so that effective 01 January 2020, it is chaired by an Independent Director. All members of the Committee are financially literate and have relevant knowledge of IFRS and regulatory requirements, risk management, IT Governance and wide industry understanding. The profiles of members of the Audit (Risk Management) Committee are disclosed on pages 16 to 21.

The Committee, which is scheduled to meet at least four times a year, operates within the scope of its Charter. Its principal functions are to ensure the integrity of the financial statements, oversee the financial-reporting process, and to direct, evaluate and monitor the risk management function and IT Governance, taking into consideration the Company's strategic, financial, operational and compliance risks, with the support of the Internal and External Auditors. The Internal and External Auditors have unrestricted access to the Audit (Risk Management) Committee.

The Committee reports to the Board at each Board meeting. The Constance Group CEO, the Constance Group Head of Finance and the Compliance function, as well as the Internal and External Auditors, attend Committee meetings on invitation.

During the year under review, the Committee met on four occasions. Principal matters, including significant issues related to financial statements, considered by the Committee in 2019 were addressed as follows :

i. Review and recommend to the Board the 2018 Audited Financial Statements, the Annual Report and Management Letter, the 2019 Forecasts, 2019 Unaudited Quarterly Financial Statements and Quarterly Abridged Financial Statements for publication;

ii. Approve the Internal Audit Action Plan for 2019 and review and assess the completed reports;

iii. Approve the re-appointment, remuneration and terms of engagement of the Internal and External Auditors for 2019;

iv. Be fully engaged in the evaluation, appointment and remuneration of the Company's new External Auditors for the financial year ending 31 December 2020;

v. Assess and monitor the Company's underlying risk profile, notably its strategic, financial, operational and compliance risks;

vi. Assess the merit of having an ICT Steering Committee, a sub-committee of the ARC, to cover IT Governance matters of the Company;

vii. Assess the efficiency, effectiveness and independence of the Internal and External Auditors, and

viii. Monitor the reporting process to the Board on Conflict of Interests/Related Party Transactions Policy.

The Board delegated the responsibility for the Governance of the Company's Information Strategy, Information Technology and Information Security to the Audit (Risk Management) Committee which, in turn, ensures that the proper IT strategy, policies, practices and controls are implemented throughout the Company, in accordance with the applicable regulatory requirements and international best practices. Regarding significant IT expenditures, Management establishes their relevance and submits proposals to the Committee, which assesses and makes recommendations to the Board for approval. A post-implementation monitoring is carried out by the same Committee. During the year under review, Information Governance matters have been assessed by the Committee. It was comforted that protocols and controls were in place to ensure that IT risks are mitigated. It established that the setting up of an ICT Steering Committee would not bring in any added value.

3.5 Committees of the Board (continued)

Corporate Governance Committee

At the year end, the Corporate Governance Committee, consisted of three Directors (two Independent and one Executive). All its members have a comprehensive knowledge of the National Code of Corporate Governance for Mauritius (2016), the Company's Charters, Policies and Codes, as well as international best practices, relevant laws and regulations, executive development tools, long and short-term incentive models, remuneration strategies, compounded with industry experience. The Committee operates within the scope of its Charter. Its principal functions are to direct and monitor the Company's corporate governance and compliance programmes. The Compliance and Company Secretarial functions ensure that Directors are updated on relevant laws, regulations, guidelines and listing requirements. The Committee reports to the Board at each Board meeting. The Constance Group CEO is a member of the Committee.

During the year under review, the Committee met on two occasions. Its broad tasks were defined as follows, and implemented:

i. Review the Company's Annual Report for 2018, with focus on Corporate Governance, Sustainability and Corporate Social Responsibility Reports and Statutory Disclosures;

ii. Approve the Group Corporate Social Responsibility Plan for 2019 under the banner of "Fondation Constance" and monitor its progress;

iii. Review Compliance and Health & Safety reports and ensure corrective measures are implemented, where appropriate;

iv. Review and recommend to the Board the approval of new policies, codes and charters;

v. Oversee the implementation and monitoring of General Data Protection Regulation (GDPR) and Data Protection Act (DPA) 2017;

A Steering Committee, established early in 2018 to review the implications of the National Code of Corporate Governance for Mauritius (2016) and to drive forward the implementation of the Code, met its objectives. During 2019, to reinforce adherence, matters covered were:

1. Ongoing conduct of Gap Analysis;
2. Review of Policies, Charters and Codes;
3. Review of requirements pertaining to:
    a. Occurrences where Board approval must be sought;
    b. Affirmation and Statements to be made by Directors;
    c. Annual Report and website disclosures;
    d. Non-compliance issues;
4. Presentation and recommendation, to the Board, of the website disclosures.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee consisted of three Directors (two Independent and one Executive) during the year under review. The Committee directs and monitors Board matters pertaining, inter-alia, to Board composition and nominations, the performance and remuneration of Directors and Senior Executives, and succession planning. All its members are well versed in the fields of corporate governance, human resource, executive development tools, long and short-term incentive models, remuneration strategies, compounded with industry experience.

During the year under review, the Committee met on four occasions and covered the following principal matters related to the Company and its subsidiary:

3.5 Committees of the Board (continued)

Nomination & Remuneration Committee (continued)

i. Coordinate the Board's and Committees' self-evaluations held every two years, undertake a detailed assessment of the results and make recommendations to the Board and individual Directors on corrective measures to be taken to improve performance;

ii. Evaluate nominees for the annual re-election of Directors as well as propose new nominations and make recommendations to the Board;

iii. Ongoing review of the Board's and Committees' composition and present recommendations to the Board;

iv. Consider and evaluate a new performance evaluation model for Senior Executives and approve the performance awards for 2019;

v. Review the form and adequacy of the remuneration of Directors;

vi. Approve the remuneration of Senior Executives for 2020;

vii. Review the Senior Executive HR Development Programme;

viii. Enhance and monitor the Directors' and Senior Officers' Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Party;

ix. Ongoing review of the Company's Pension Scheme;

x. Ongoing review of the Succession Planning Model;

xi. Establish Board and Committee Meeting dates for 2020;

xii. Review and recommend the Directors' and Officers' Liability Insurance;

xiii. Approve the listing of Key Senior Governance positions;

xiv. Review the Directors Development Programme;

The Charter of the Committee and the Position Statement of the Chairperson is available for consultation on the Company's website.

3.6 Corporate Structure

(As at 31 December 2019)

3.7 Corporate Information

Directors

Name	Country of Residence	Board Appointment	Assignment
George J. DUMBELL	Mauritius	Independent Chairman	Chairman of Corporate Governance Committee Chairman of Nomination & Remuneration Committee
Nicolas BOULLÉ	Mauritius	Non-Executive	
Marc FREISMUTH	Mauritius	Independent	Member of Corporate Governance Committee Member of Nomination & Remuneration Committee
Jean JUPPIN DE FONDAUMIÈRE	Mauritius	Independent	Chairman of Audit (Risk Management) Committee (As from 01 January 2020)
Clément D. REY	Mauritius	Executive	
Maxime REY	Mauritius	Non-Executive	
Jean RIBET	Mauritius	Executive	Member of Corporate Governance Committee Member of Nomination & Remuneration Committee
Georgina ROGERS	Mauritius	Non-Executive	Chairperson of Audit (Risk Management) Committee (Up to 01 January 2020) Member of Audit (Risk Management) Committee (As from 01 January 2020)
Jean-Jacques VALLET	Mauritius	Non-Executive	
Noël Adolphe VALLET	Mauritius	Non-Executive	Member of Audit (Risk Management) Committee

Committees of the Board

Audit (Risk Management) Committee

Corporate Governance Committee

Nomination & Remuneration Committee

Please refer to Section 3.5 for composition.

Management Team – Constance Corporate Management Limited

Jean RIBET – Constance Group Chief Executive Officer

Clément D. REY – Constance Group Head of Investments and Development

Kevin CHAN TOO – Constance Group Head of Finance

3.7 Corporate Information (continued)

Registered Office

5th Floor, Labama House,

35 Sir William Newton Street,

Port Louis

Secretaries

La Gaieté Services Ltd

5th Floor, Labama House,

35 Sir William Newton Street,

Port Louis

Represented by:

Mrs Marie-Anne Adam, ACIS and Mr Yan Béchard, ACIS

Auditors

External
(For the Financial year ended 31 December 2019)

BDO & Co.

Chartered Accountants

10 Frère Félix de Valois Street,

Port Louis

Partner: Mrs Ameenah Ramdin, FCCA, ACA

Appointment to be proposed at the forthcoming Annual Meeting of Shareholders:

Ernst & Young Mauritius

Level 9, Tower 1,

NeXTeracom Cybercity,

Ebène

Partner: Mr André Lai

Internal

PricewaterhouseCoopers

Chartered Accountants

PwC Centre,

Avenue de Telfair,

Telfair 80829,

Moka

Represented by: Mr Julien Tyack

Share Registry and Transfer Office

ECS Secretaries Ltd

3rd Floor, Labama House,

35 Sir William Newton Street,

Port Louis

Bankers

The Mauritius Commercial Bank Ltd

Absa Bank (Mauritius) Limited

State Bank of Mauritius Ltd

3.8 Profile of Directors and Senior Officers

(As at 31 December 2019)

Directors

George J. Dumbell

Independent Director and Chairman (Age: 71)

Appointed Director in December 2005 and Chairman in January 2006.

Qualifications

- Associate Chartered Institute of Bankers (UK).
- Fellow and Founding Director of the Mauritius Institute of Directors and member of its Directors' Forum.
- Former Director of several financial institutions in Asia and Europe, and listed finance and agricultural companies in Mauritius.

Experience and Skills

- Over 50 years' financial and commercial experience, including 34 years in various senior management positions within the HSBC Group across the globe.
- 2½ years of commercial, industrial, project management and political experience as Deputy Secretary General and Managing Director of EuroChambres, Association of European Chambers of Commerce and Industry, headquartered in Belgium and representing over 14 million companies throughout Western, Central and Eastern Europe.
- 2 years in the fields of Corporate Governance and Risk Management with MCB Ltd.
- 14 years of experience in the agricultural sector.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- Hotelest Limited

3.8 Profile of Directors and Senior Officers

(As at 31 December 2019) (continued)

Directors (continued)

Nicolas Boullé

Non-Executive Director (Age: 60)

Appointed in January 2014.

Qualifications

- Qualified Notary

Experience and Skills

- 29 years' experience as a notary.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- Hotelest Limited

Marc Freismuth

Independent Director (Age: 68)

Appointed in June 2016.

Qualifications

- MPhil Degree in Economics from Paris-Sorbonne University (France).
- 'Agrégation' in Economics and Management.

Experience and Skills

- Lecturer at the University of Montpellier (France) until July 1988.
- Lecturer at the University of Mauritius in the field of Management and Finance until July 1994.
- Lecturer in Hospitality Management at the University of La Réunion from 2000 to 2005.
- Participated in the setting-up of the Stock Exchange of Mauritius as a consultant to the Stock Exchange Commission and as a member of the Listing Committee.
- Currently works as a private consultant in Management and Finance.
- Fellow member of the Mauritius Institute of Directors.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- Hotelest Limited
- The United Basalt Products Ltd

3.8 Profile of Directors and Senior Officers

(As at 31 December 2019) (continued)

Directors (continued)

Jean Juppin de Fondaumière

Independent Director, Chairman of Audit (Risk Management) Committee (As from 01 January 2020) (Age: 66)

Appointed in March 2007.

Qualifications

- Qualified Chartered Accountant, Edinburgh (UK).

Experience and Skills

- 12 years' experience in various managerial positions in Audit and Merchant Banking.
- Retired as Chief Executive of the Swan Group on 31 December 2006, after 15 years with the Group.
- Past Chairman of the Stock Exchange of Mauritius and a member of several Audit and Corporate-Governance committees.
- Currently a director of several companies, involved in various economic activities, from agriculture and commerce to finance and tourism, in Mauritius and in the region.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- Constance Hotels Services Limited
- Hotelest Limited

Clément D. Rey

Executive Director and Constance Group Head of Investments and Development (Age: 50)

Appointed in September 2003.

Qualifications

- Bachelor's degree in Business Law from the UK.
- Master's degree in Business Law from the UK.

Experience and Skills

- Held the position of Head of Corporate Affairs within Ciel Group.
- Currently actively involved in investments and corporate transactions relating to the member companies of the Constance Group.
- Director of several companies in the commercial and financial sectors and a member of various board committees.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- Hotelest Limited

3.8 Profile of Directors and Senior Officers
(As at 31 December 2019) (continued)

Directors (continued)

Maxime Rey

Non-Executive Director (Age: 67)

Appointed in April 2014.

Qualifications

Qualified Accountant

Experience and Skills

- Extensive experience in the insurance sector.
- Chief Finance Officer for more than twenty years at SWAN, the leading Mauritian insurance company and until his retirement in 2016.
- Group Financial Director for thirteen years at Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- IBL Ltd
- Lux Island Resorts Ltd

Jean Ribet

Executive Director and Constance Group Chief Executive Officer (Age: 60)

Appointed Director in March 2007 and Constance Group Chief Executive Officer in 2004.

Qualifications

- Bachelor of Commerce from the University of Cape Town.
- Member of the South African Institute of Chartered Accountants.

Experience and Skills

- Joined the Constance Group as Group Financial Controller in 1991.
- 15 years' experience as Group Chief Executive Officer within the Constance Group.
- Bears the overall responsibility for the agro-industrial, tourism and investment activities of the Constance Group.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- IBL Ltd
- Hotelest Limited

3.8 Profile of Directors and Senior Officers
(As at 31 December 2019) (continued)

Directors (continued)

Georgina Rogers

Non-Executive Director and Chairperson of the Audit (Risk Management) Committee (Up to 01 January 2020) (Age: 57)

Appointed in March 2007.

Qualifications

- Bachelor of Commerce from the University of Natal, South Africa.

Experience and Skills

- Practised as an accountant until 1995.
- Involved in the development of real-estate projects.
- Director of several companies in the commercial sector and a member of various board committees.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- Hotelest Limited

Jean-Jacques Vallet

Non-Executive Director (Age: 51)

Appointed in December 2004.

Qualifications

- 'Maîtrise en Science et Gestion (MSG)'.
- Postgraduate degree (DESS) in Management Science, Logistical Operations and Industrial Management, from France.
- Advanced Management Program, from Cornell University, New York.

Experience and Skills

- Responsible for the overall planning, direction and control of the operations, resources and administration of Constance Hotels, Resorts & Golf Group.
- Four years' Presidency of the Association of Hotels and Restaurants in Mauritius (AHRIM) for the periods 2003-2004 and 2011-2012.

Directorships in other company listed on the Stock Exchange of Mauritius Ltd:

- Constance Hotels Services Limited

3.8 Profile of Directors and Senior Officers

(As at 31 December 2019) (continued)

Directors (continued)

Noël Adolphe Vallet

Non-Executive Director (Age: 54)

Appointed in June 1997.

Qualifications

- Management from South Africa.

Experience and Skills

- 2 years' experience as Manager at Fleurs des Tropiques Exports Ltée.
- Project Manager responsible for setting up Mauritius' sugar museum, L'Aventure du Sucre.
- Currently runs his own business in the events industry as Managing Director of Bedouin Tents and Rocket Fireworks.
- Chairman of Compagnie du Mapou Ltée.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance Hotels Services Limited
- Hotelest Limited

Senior Officers

Kevin Chan Too

Constance Group Head of Finance (Age: 42)

Qualifications

- Fellow of the Association of Chartered Certified Accountants.

Experience and Skills

- Currently responsible for the finance, accounting, treasury and internal control functions of the Constance Group.
- Prior to joining the Constance Group, held various finance and accounting positions in listed companies within the property, finance and investments sectors.

3.8 Profile of Directors and Senior Officers
(As at 31 December 2019) (continued)

Senior Officers (continued)

Didier Langlois

Chief Operations Officer (Age: 54)

Qualifications

- Bachelor of Science – Zoology & Botany from University of Cape Town, South Africa.
- Post Graduate Diploma in Fisheries Science and Aquaculture, Rhodes University, South Africa.
- Diploma in Management, Mauritius.

Experience and Skills

- 3 years' experience in Fish Farming (From 1988 to 1991) in South Africa and Mauritius.
- 16 years' experience in Agricultural sector.
- Conversant with the exportation of horticultural crops.
- 14 years' experience in Land and Property Management.
- Chief Operations Officer since March 2019.

4. APPOINTMENT PROCEDURES FOR DIRECTORS

4.1 Merit and Diversity

All Directors must possess knowledge, capabilities and experience which can benefit the Company's business operations. The Nomination & Remuneration Committee considers the qualifications of the candidates through transparent pre-selection procedures, as mandated in its Charter, and proposes the nominations to the Board for subsequent validation by shareholders at the next Annual Shareholders' Meeting.

All Directors' profiles are disclosed in the Annual Report, posted on the Company's website, and reflect the diverse skill mix of the Board, including industry knowledge, accounting and finance, management, international business, business strategy, crisis management, corporate governance and law.

4.2 Nomination Process and Criteria

Prior to nominating a Director, the Board specifies the required qualifications for the Director, taking into consideration the current composition and skill mix of the Board and the Company's business strategy, going forward.

The process for identifying and selecting director candidate, which is available for consultation on the Company's website, is undertaken by the Nomination & Remuneration Committee. The criteria considered are as follows:

Nomination Criteria

Nominee's:

- Readiness to engage fully in the Board's activities and Committees.
- Commitment to participate actively in Board meetings as well as those of its respective committees.

Nominee's capacity to effectively support the board in reflecting the culture, diversity and interests of the Company and ability to demonstrate independence required under good corporate governance practices.

Nominee's:

- Skills, business, personal and professional accomplishments;
- Private sector or sectoral knowledge and experience, bearing in mind the current state of the Company and the market in which the Company is operating.

Nominee's commitment to increasing shareholder value.

Nominee's:

- Reputation;
- Business and personal ethics and integrity;
- Independence of thought and judgement;
- Financial sophistication, and leadership competences.

Nominee's ability to meet the qualification criteria prescribed by the Companies Act 2001 and the National Code of Corporate Governance for Mauritius (2016).

4.2 Nomination Process and Criteria (continued)

In the case that current Directors are being considered for re-nomination, the Nomination & Remuneration Committee will also take into consideration the Director's history of attendance at Board and Committee meetings, the Director's tenure as a member of the Board, the Director's preparation for and contribution to decision-making at meetings and the outcome of respective past Board assessments.

Board candidates may be identified from four principal sources:

- The Board's network of contacts, including current members of the Board, Senior Executives of the Company, the Company's advisers and, if it is deemed appropriate, a professional recruitment firm.
- The nomination of candidates, in accordance with an existing *'Protocole d'Accord'*, under which parties to the *Protocole* have the right to nominate a specific number of Directors to the Board.
- The nomination of candidates by virtue of the Companies Act 2001, which calls for a Special Meeting of Shareholders to be held on the written request of shareholders holding together not less than 5 per cent of the voting rights, and entitled to exercise these on the appointment of a Director.
- The Directors' Register of the Mauritius Institute of Directors.

4.3 Induction Programme

The Company has a comprehensive and elaborate Induction Programme for its newly-appointed Directors which comprises the following:

- **Induction Pack** which includes the profile of the Board of Directors, corporate profile, organisational structure, Board Committee Charters, key corporate policies, annual reports, latest financial statements.
- **Induction Meetings** with the Chairman of the Board, the Chairpersons of the Audit (Risk Management), Corporate Governance, Nomination & Remuneration Committees, and Senior Management.
- **Briefings** with the Chairman of the Board, Senior Management and the Company Secretary to cover responsibilities and legal obligations of Directors, the Company's business, business plan and ongoing issues, corporate strategy, industry review, stakeholders, corporate governance and regulatory matters, model code for transaction of securities.
- **Site Visits** of the Company's properties and facilities.
- **Visit to the Company Secretariat** to review minutes of recent Board meetings, minutes of recent Committee meetings, the Company's Constitution, the Companies Act and relevant legislations in the jurisdictions in which the Company operates, the DEM listing rules, the National Code of Corporate Governance for Mauritius (2016), and the latest Board evaluation report.

4.4 Terms of Service of Directors and Re-election

The Board does not favour the re-election of Directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. The terms of service of Directors is in accordance with the Company's Constitution (Article 21.2), as approved by Shareholders at the 2012 Annual Shareholders' Meeting, whereby, at every Annual Shareholders' Meeting, one-third of Directors (or the number nearest to one-third) shall retire from office and be eligible for re-election. An assessment of the performance of each retiring Director, who makes himself/herself available for re-election is conducted by the Nomination & Remuneration Committee, which submits its recommendations to the Board. In turn, the Board puts forward its appropriate nominations to the shareholders for their approval.

The Company has not set a maximum term of service for Directors to ensure continued stability and effective work.

For a similar reason, there is no term limit for the Company's Board Committees. However, members are appointed for an initial term of three years, with further renewals for subsequent periods of three years considered, subject to favourable reviews by the Nomination & Remuneration Committee and approval by the Board.

4.5 Directors' Professional Development

The Board recognises the importance of the continual development of the knowledge and capabilities of its Directors to sustain an effective, well-informed and functional Board. The Board approves, encourages and supports Directors' professional development by facilitating their membership to relevant professional organisations, attendance of relevant seminars and knowledge-sharing programmes. In this connection, the Board reviews the professional development and ongoing knowledge acquisition of Directors every two years.

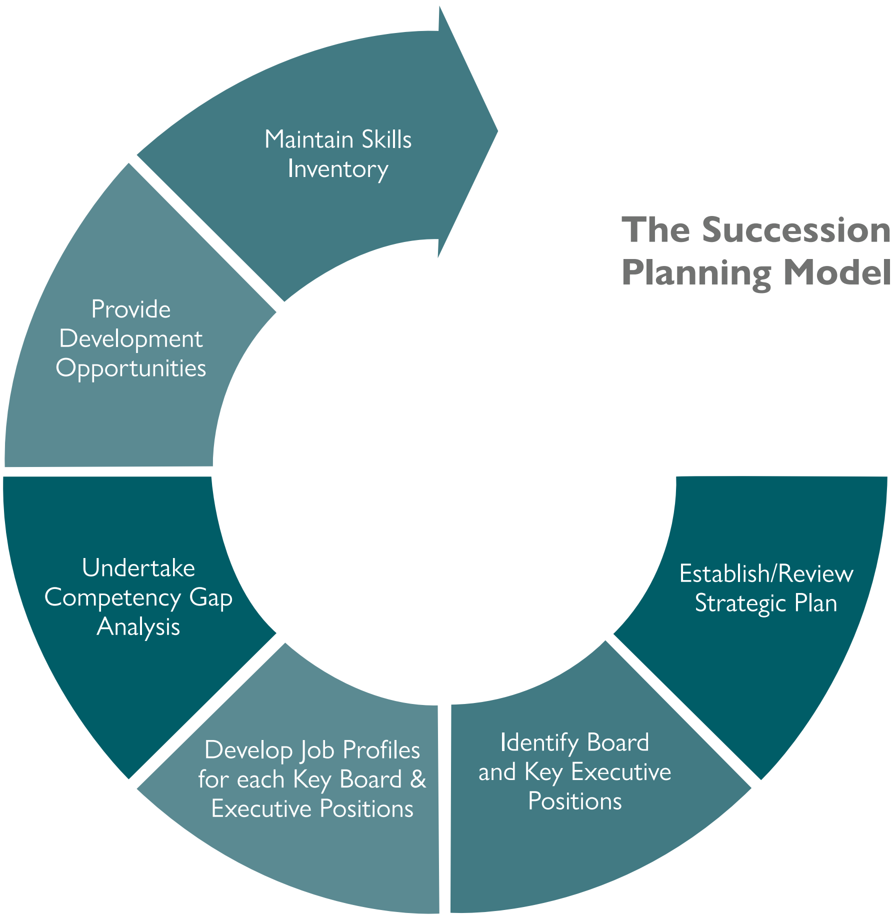
During the financial year under review, some Directors and Senior Officers received training dispensed by local institutions on new regulatory and industry development matters, inter alia.

4.6 Succession Plan

The Company has a suitable Succession Planning Model (SPM), given its scale and level of sophistication. The SPM identifies the necessary competences within the Board and Senior Management positions and sets a clear and systematic process towards the assessment, development and retention of a talent pool of Directors and Key Senior Executives with a view to securing a continuity of leadership for all critical positions and, consequently, ensuring that current and projected business strategies are fully and effectively deployed.

The SPM is reviewed and updated on a continuous basis by the Nomination & Remuneration Committee, in conjunction with the Chairman, and in response to the ongoing demands of the Company, with the Board being kept informed of developments.

During the year, a review of the plan was carried out in light of the situation regarding the future of the Sugar Industry and other challenges facing the Company. Jobs have been reorganised and a review of the organisational structure was carried out to ensure the young team with the necessary competencies and secure continuity of leadership for all key positions.



5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

5.1 Duties of Directors

All Directors are aware of their legal duties as outlined in the Board Charter, the Code of Ethics and Conduct for Directors and other related documents handed to them on appointment and during their induction.

In dealing with the affairs of the Company, the Directors of the Company act with propriety. They accordingly:

i. do not exceed their jurisdiction;

ii. act in good faith and in the best interest of the Company;

iii. exercise the degree of care, diligence and skill which a "reasonably prudent person would exercise in comparable circumstances";

iv. are accountable to the Company for any monetary gain in respect of their fiduciary capacity as Director;

v. do not make use of any confidential information acquired by way of their position as Directors of the Company - unless authorised by the Company; do not compete with the company;

vi. do not use the assets of the Company for any illegal purpose;

vii. declare any direct or indirect interests at the meeting of Directors of the Company, to be duly recorded by the Secretary of the Company;

viii. transfer or hold as trustee, until transferred, all cash or assets acquired on behalf of the Company;

ix. attend meetings of the Board of the Company with reasonable regularity, and

x. keep proper accounting records and make such records available for inspection.

5.2 Limitation on the number of Company Directorships

Non-Executive and Executive Directors are not encouraged to hold multiple directorships to ensure that they allocate sufficient time to prepare and attend the Company's Board meetings and, consequently, to monitor the Company's performance and operations effectively.

5.3 Board Meetings

Board meetings are scheduled in advance and duly notified to all Directors at the beginning of each financial year.

The agenda for each board meeting is set by the Chairman, in conjunction with the Company Secretary, and with input from the Constance Group CEO. The Company Secretary sends Board notices with supporting documents, allowing adequate preparation to all Directors before each meeting.

During Board meetings, the Chairman of the Board ensures that appropriate time is allocated to Directors to ask questions, review and discuss all relevant financial, governance and other information and data, and to follow up on the implementation of the Company's strategies. Written minutes are taken by the Company Secretary, subsequently approved by the Board, and filed.

5.4 Report of Interests of Directors and Designated Management

In line with the Company's policies on Conflict of Interests and Related-Party Transactions, and Share Dealing, the Company's Directors, designated Management and related persons, are required to report in writing to the Company on their vested interests. This information is collected by the Company Secretary, who then duly updates the Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Parties.

During the year, Directors are given the opportunity to disclose any new Conflict of Interests & Related-Party Transactions and share dealings: the first agenda item at every board meeting calls for these disclosures.

The Audit (Risk Management) Committee has been delegated to work with the Auditors to detect and review any Conflict of Interests, and Related-Party Transactions and to report quarterly to the Board on Related-Party Transactions.

5.5 Directors' and Senior Officers' Interests and Dealings in Shares

The Company's Share Dealing Policy gives clear guidance on the practice to be followed when dealing in shares of the Company or of companies connected to the Company by business or common shareholding. All Directors, related parties and designated employees wishing to deal in the securities of the Company or any of its subsidiaries must comply with the statutory provisions concerning insider dealing in the Companies Act 2001 as well as the Securities Act 2005 and be aware of the Stock Exchange of Mauritius' Model Code for Securities Transactions by Directors and employees of Listed Companies. Furthermore, all are notified by the Company of the commencement and closure of non-trading periods.

The following transactions took place during the year under review:

Director	No. of shares acquired directly
Jean RIBET	408

5.6 Directors' and Senior Officers' Share Interests

The interests of Directors and Senior Officers in the securities of the Company as at 31 December 2019 were as follows:

	Direct		Indirect
	No. of Shares	**% Held**	**% Held**
Directors			
George J. DUMBELL – Chairman	-	-	-
Nicolas BOULLÉ	-	-	-
Marc FREISMUTH	-	-	-
Jean JUPPIN DE FONDAUMIÈRE	-	-	-
Clément D. REY	-	-	2.02
Maxime REY	-	-	-
Jean RIBET	408	0.01	4.08
Georgina ROGERS	85,342	1.78	-
Noël Adolphe VALLET	400	0.01	3.8
Jean-Jacques VALLET	46	0.00	4.08
Senior Officers			
Kevin CHAN TOO	1,300	0.03	-
Didier LANGLOIS	-	-	-

The Company Secretary maintains a Register of Interests/Insiders' Share Dealings, Conflict of Interests and Related Parties in respect of all Directors and Senior Officers. This Register is kept up to date through verbal declarations made by Directors at each Board meeting, written submissions made by Senior Officers when appropriate, and written declarations submitted by Directors and Senior Officers.

Any disclosure of conflict of interests is recorded in the Register of Interests which is available for inspection during normal office hours, upon written request made to the Company Secretary.

5.7 Common Directors

The names of common Directors of the subsidiary of the Company are:

Directors of Compagnie de Cheops Ltée:

Messrs Clément D. Rey and Jean Ribet.

5.8 Directors' Remuneration

The Company's Nomination & Remuneration Committee is entrusted by the Board with the task of determining, and recommending to the board, the remuneration policy for Non-Executive Directors and for Senior Executives of the Company, as per the principles outlined in the Company's Remuneration Policy.

Four key principles underpin this policy:

i. Remuneration must reflect the market in which the Company operates;

ii. Key performance indicators apply with respect to expected results delivery;

iii. Remuneration is linked to the creation of value to Shareholders and

iv. Remuneration rewards both financial and non-financial performance.

Regarding the Non-Executive Directors, every two years, the Nomination & Remuneration Committee reviews Directors' fees for the Board and Board Committees and makes appropriate recommendations to the Board, for ultimate consideration and approval by shareholders at their Annual Meeting. This exercise ensures that Directors' fees are in line with the market, appropriately reflect the responsibilities of the Directors, sufficiently motivate Directors to achieve the Company's objectives and to align their interests with the long-term interests of shareholders. Directors are reimbursed for unusual expenses associated with executing their duties.

For 2019, Directors' annual fees amounted to MUR 150,000 for the Chairman and MUR 90,000 for other Board Members. In addition, the annual fees for Members of Committees of the Board for 2019 were:

	Audit (Risk Management)	Corporate Governance	Nomination & Remuneration
	MUR	MUR	MUR
Chairman	75,000	60,000	40,000
Member	55,000	40,000	30,000

Under the recommendations of the Nomination & Remuneration Committee, the Board of Directors will not review the Board Committees' fees and will not be recommending to the shareholders any revision of fees for the members of the Board for 2020.

The remuneration and benefits received by the Directors during the year under review is disclosed under Other Statutory Disclosures.

5.9 Board Evaluation

Evaluation Criteria

Directors are invited to participate in a combined full Board evaluation and individual Director evaluation, which also covers the Company's Board Committees. This exercise is carried out every two years under the auspices of the Chairman and the Nomination & Remuneration Committee.

The full Board evaluation requires Directors to focus on the functioning of the Board as a whole, comprising, inter-alia, the Board's understanding of strategy, composition of the Board and the mix of skills, the structure and organisation of Board meetings and Committee meetings and other issues core to the execution of the Board's mandate. The Director's self-evaluation requires individual Directors to review their own Board performance, including how their skills contribute to the effectiveness of the Board, their commitment, aptitudes and other responsibilities. In addition, they, also, report on the Board's relationship with Management as well as on the performance of the Chairman of the Board.

Evaluation Methodology

The Board's evaluation process is undertaken by way of a written questionnaire, with pre-set ratings. Directors are required to answer a series of questions regarding either the functioning of the full Board or the Committees, or their own performance. The questionnaire provides a good baseline of information and offers much insight into issues for further discussion. It also contains open-ended questions, which offer Directors an opportunity to expand on certain crucial development issues. The results are evaluated and reviewed in detail by the Chairman and the Nomination & Remuneration Committee before presentation to the Board - with an action plan, comprising proposed corrective measures to be taken for under-performing ratings - for open discussion. The Nomination & Remuneration Committee monitors and ensures that all the corrective measures for the under-performing ratings are addressed and implemented. In the event of any unfavourable personal issue having been raised by a Director, the Chairman will conduct a one-on-one interview with the Director concerned.

The Board considers that the current evaluation process satisfies the Company's present requirements and it does not see any merit in carrying out an Independent Evaluation. During the year, assessments of the Board and its committees were undertaken and the overall results thereof, for a maximum score of five, met expectations:

- Board: 4.1
- Audit: 4.4
- Corporate Governance: 4.4
- Nomination & Remuneration: 4.5

The Nomination and Remuneration Committee undertook a detailed review of the evaluation results and made appropriate recommendations to the Board on corrective measures to be undertaken during 2020.

5.10 Share Option Plan

The Company does not presently have any share-option scheme.

5.11 Attendance at Board and Committee Meetings

	Board of Directors	Audit (Risk Management)	Corporate Governance	Nomination & Remuneration
Number of meetings held in 2019	4	4	2	4
Meetings attended				
George J. DUMBELL	4		2	4
Nicolas BOULLÉ	4			
Marc FREISMUTH	3		2	4
Jean JUPPIN DE FONDAUMIÈRE	3	4		
Clément D. REY	4			
Maxime REY	3			
Jean RIBET	3		2	4
Georgina ROGERS	4	4		
Noël Adolphe VALLET	2	3		
Jean-Jacques VALLET	3			

6. RISK MANAGEMENT AND INTERNAL CONTROLS

6.1 Risk Management

Risk Management Framework

The Company constantly faces varied risks which may adversely impact its performance, financial conditions and overall ability to attain its strategic objectives. The Board, which is ultimately responsible for the sound management of these risks, ensures that the Company has continuously in place the appropriate risk management and internal control framework. In doing so, the Board has delegated to the Audit (Risk Management) Committee the responsibility to continually monitor, assess and review the risk management and internal control framework, in the light of the approved risk appetite, the changing nature and extent of the risks faced by the Company and the applicable laws and regulations, in order to ascertain that this framework is adequate and effective. The Board further acknowledges that risk management and internal control frameworks are designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. Such frameworks can only provide reasonable and not absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error or losses.

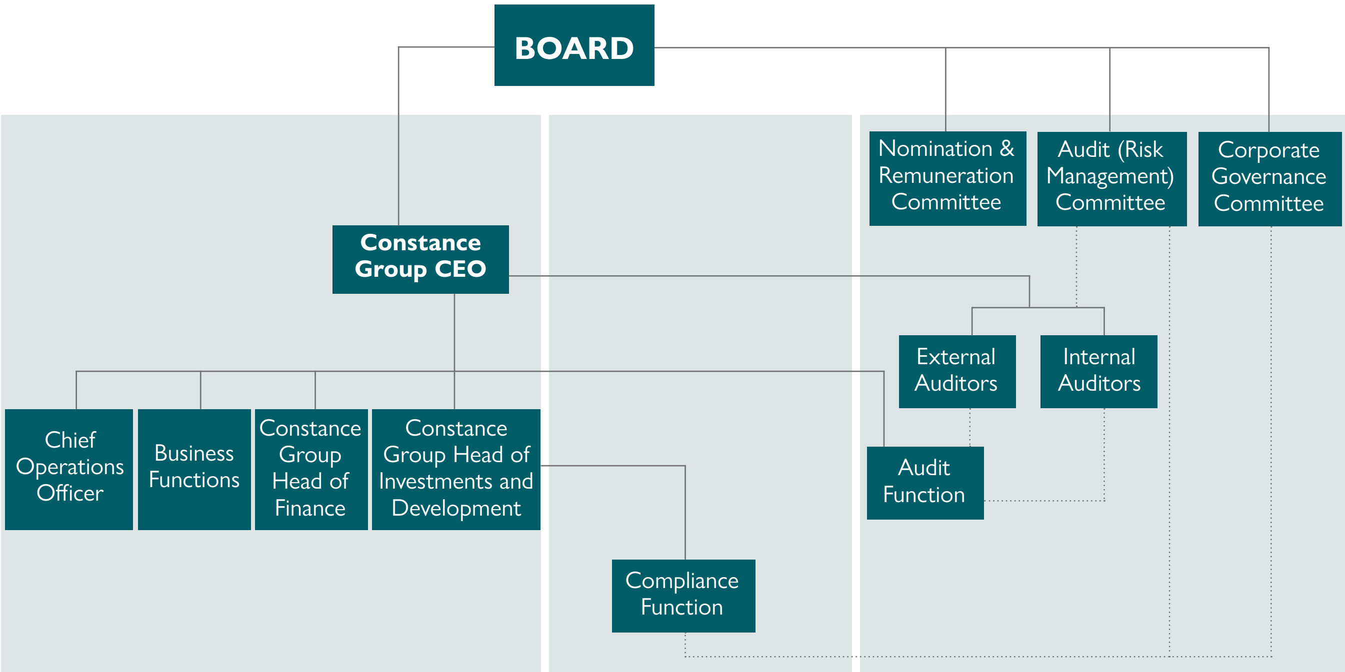
The Company first established its Risk Management Programme in August 2006. In conducting the review of the effectiveness of risk management, the Board considers the key findings from ongoing monitoring and report processes, management assertions and independent assurance reports. During the year under review, the Board considered the Company's responsiveness to changes within its business environment and is accordingly satisfied that the risk and internal controls framework is functional.

6.1 Risk Management (continued)

Risk Management Framework (continued)

The Risk Framework

The Company's risk framework, which extends across the Company's business, comprises a top-down approach to risk management, based on three lines of defence.



1st Line of Defence

Upon identification of risks, preventive and corrective measures are implemented within the set deadlines. Management ensures continuous compliance with all laws, codes, rules, regulations, procedures, policies and standards of good practice.

2nd Line of Defence

The Compliance function monitors the effectiveness of the established risk management framework, processes and provides the required risk management guidance and support .

3rd Line of Defence

Independent assurance regarding the adequacy and effectiveness of the Company's risk management framework and processes is derived from the Internal Audit function, which is outsourced. External Auditors provide external assurance on matters pertaining, but not limited to, valuation and financial statements.

Principal Risks and Mitigation Initiatives

The Company has implemented various policies and mitigation initiatives to effectively counter the principal risks to which it is exposed, as elaborated in this Corporate Governance Report and in the table on page 32. The Company also subscribes to a Directors' & Officers' Liabilities insurance cover.

6.1 Risk Management (continued)

Principal Risks and Mitigation Initiatives (continued)

Risk Mitigation Initiatives

Risks	Description	Mitigation Initiatives
Natural Disasters, Political, Economic and Financial Market Events	The Company's operations and financial results could be adversely affected by a wide array of events liable to bear direct or indirect consequences on the performance and production of its numerous activities.	• Adherence to and close supervision of strict standards, procedures and controls help mitigate some of these risks. • Changes in the macroeconomic environment are regularly assessed by Management and the Board to ensure that prompt decisions are taken to safeguard the value of the Company. • A comprehensive and appropriate insurance cover is also taken for sugar/non-sugar growing activities.
Reputation	Damage to the Company's reputation due to: • Employees not demonstrating the appropriate ethical values and behavioural attitudes. • Failure of the Company to sustain its appeal to its shareholders could adversely affect the market value and attractiveness of the Company.	• Enforcement of a strict ethical Code of Conduct and good corporate governance practices across the Group in accordance with the National Code of Corporate Governance for Mauritius. • Introduction and monitoring of safety and security measures.
Social Responsibility and Sustainability	The reputation of the Company is influenced by a variety of factors, including its ability to demonstrate sufficiently responsible practices in such areas as sustainability, environmental management and support to the local community.	CSR programmes and initiatives are tailored to the needs of the community in the vicinity of the Company's operations. Regular review and reporting over the progress of the Group's CSR programmes and achievements are brought on a quarterly basis to the Board, through the Corporate Governance Committee.
Financial Management	The Company is exposed to a wide range of financial risks, namely currency risk, price risk, credit risk, liquidity risk, interest rate risk and capital risk. These risks are reported in detail in the Notes to the Financial Statements on pages 75 to 77.	• Sound management of costs and financial risks such as foreign exchange, liquidity, market risks, pricing policy. • Detailed budgets and projected cash flows are reviewed on a regular basis by the Audit (Risk Management) Committee and quarterly by the Board. • Other mitigation initiatives can be referred to on pages 75 to 77.
Credit Standing	The Company is reliant on having access to credit facilities to meet its capital requirements and manage its statement of financial position effectively.	• To ensure prudent financial management the Company prepares detailed budgets and projected cash flows, which are reviewed on a regular basis by the Audit (Risk Management) Committee, and quarterly by the Board. • Regular meetings are held with our bankers to review Company's financial situation and ongoing issues.

6.1 Risk Management (continued)

Principal Risks and Mitigation Initiatives (continued)

Risk Mitigation Initiatives (continued)

Risks	Description	Mitigation Initiatives
Technology and Systems & Information Governance	To varying degrees, the Company is reliant upon certain technologies and systems for the smooth and efficient running of its business. Disruption to these technologies or systems may adversely affect the Company's productivity, operating costs and efficiency.	• The Company has invested in preventive maintenance and holds a contract with its IT service provider that caters for the prompt restoration to normal service to minimize any adverse impact on the business. • The IT governance has been delegated to the Audit (Risk Management) committee which ensures that proper IT governance framework, policies, strategy and practices are implemented throughout the Company, in accordance with the applicable regulatory requirements and best practices. • The IT service provider regularly controls and upgrades the IT system in order to ensure its effectiveness and prevent any disruption. • Management ensures all staff comply with the Company's IT Code of Practice. • Independent audits of the IT systems are conducted, on request, by the Internal Auditors.
Health & Safety	All reasonable precautions are taken to provide and maintain the health and wellbeing of our employees. Controls are in place to ensure compliance with good practices, all statutory requirements and all legally binding codes of practice.	• Our employees are made aware of the risks they face - through training and our Health & Safety Policy, which aim to prevent accidents and maintain the health of employees while at work. A Health and Safety Plan is approved annually, and progress thereof monitored on a half-yearly basis by the Corporate Governance Committee. • The Health and Safety Officer oversees, harmonises and monitors the Health and Safety function with strict controls to ensure compliance with good practices, all statutory and legal requirements and codes of practice generally applied across the industry.
Financial and Other Regulatory Compliance	Non-compliance with financial and regulatory requirements may result in penalties and damage to the Company's image on the market.	• A robust programme comprising procedures and internal monitoring and reporting has been put in place by the Compliance and Accounting functions, with the aid of Internal Audit, to ensure that financial and regulatory requirements are strictly adhered to. • Quarterly Financial Statements and the Abridged Financial Statements are scrutinised by the Audit (Risk Management) Committee and subsequently reviewed and approved by the Board.
Project Development	Risks of new projects being completed off schedule or with significant cost overruns may have a material adverse effect on the Company's performance.	• Those risks are measured and addressed in a timely manner by the Project Team and quarterly by the Board, to enable appropriate and pro-active decisions.

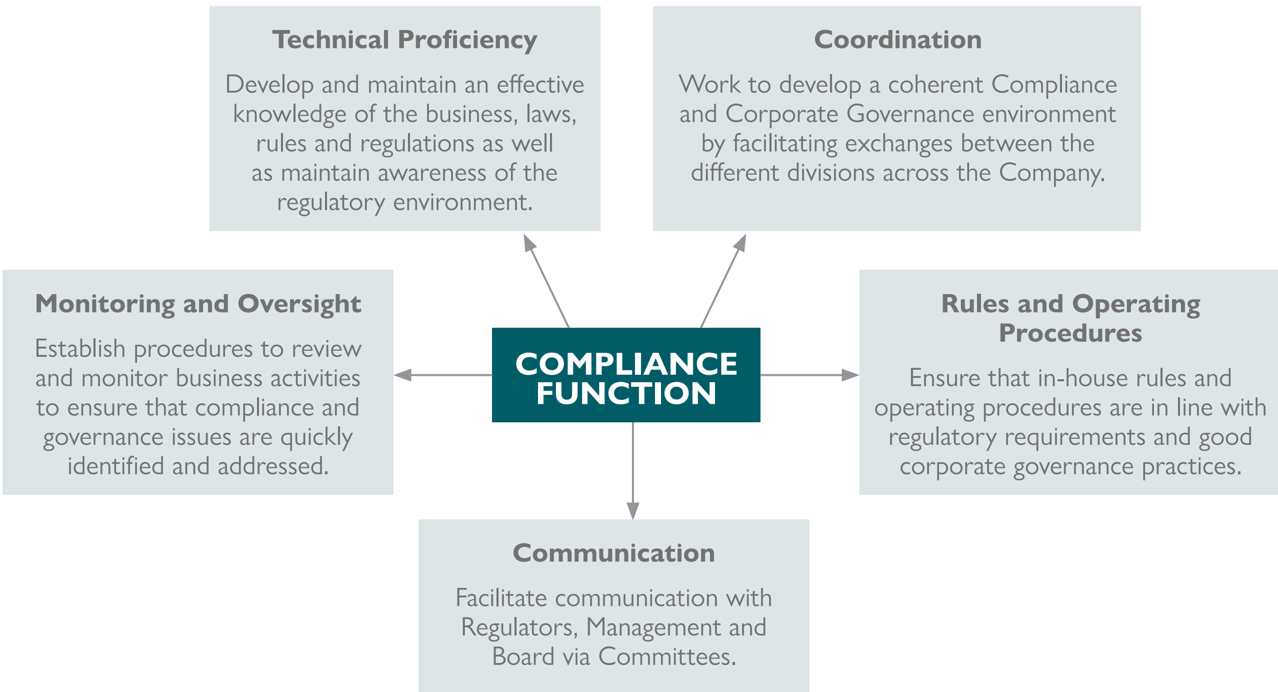
6.2 Compliance Function

The Compliance function falls under the responsibility of the HR Manager, with a functional reporting line to the Audit (Risk Management) and the Corporate Governance Committees of the Company. It operates within the scope of the Company's Compliance Charter and in accordance with the Professional Standards and Guidelines approved by the Board.

The main role of the Compliance function is to:

- Provide the appropriate framework within which the business activities of the Company and its operating subsidiaries, and its employees can comply with the Company's policies, standards and procedures and with applicable laws and regulations.
- Assist the Board, Management and Line Managers in discharging their compliance and risk responsibilities.

Scope of the Compliance Function



During the year, certain corporate policies and charters were reviewed and updated to ensure alignment with the requirements of the National Code of Corporate Governance for Mauritius (2016) and to consider changes in laws and regulations. It was noted that the business objectives set out in the Compliance Action Plan for 2019 were met.

In 2019, a Compliance Report, which also covered Health and Safety matters, was presented to the Corporate Governance Committee.

The Position Statement of the Compliance Officer is available for consultation on the Company's website.

6.3 Information, Information Technology (IT) and Information Security (IS)

Information, IT and IS Governance Framework

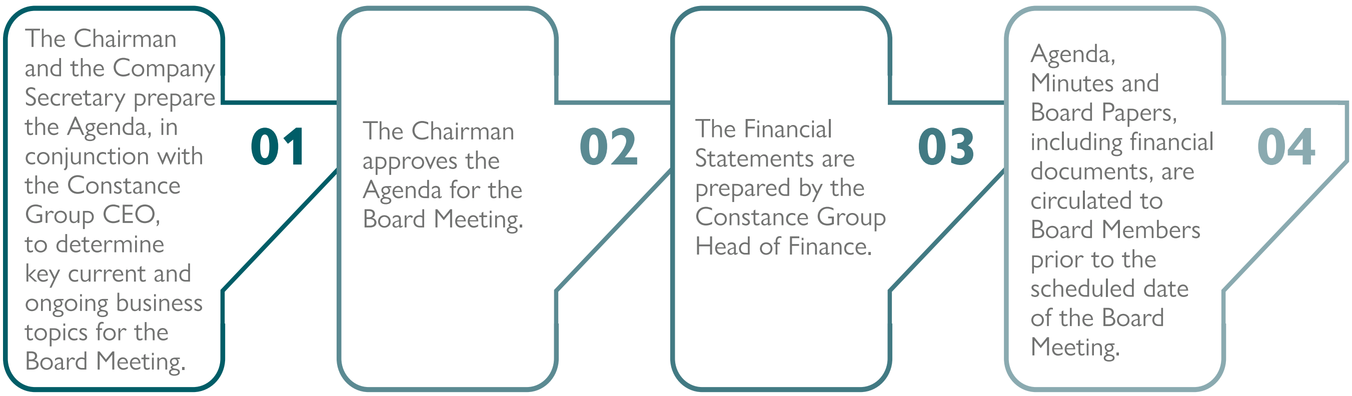
In line with the National Code of Corporate Governance for Mauritius (2016), the Board is responsible for information governance within the Company. Due to the nature and size of the business, as well as the technical expertise required, the management of the Information Technology, Information Security governance and business continuity is delegated to CCM which reports to the Audit (Risk Management) Committee on IT-related matters. The Audit (Risk Management) Committee has been mandated by the Board to oversee those matters, including the review of information risks and the implementation of mitigation actions, as well as to ensure that the established Information, IT and IS Governance framework is effective and adequate.

The Company Information, IT and IS governance framework in place includes an IT Code of Practice, puts emphasis on the confidentiality, accuracy, integrity, availability and protection of information, backed by adapted Information and IT systems to mitigate risks and meet the Company's strategic objectives. Management implements policies, procedures and practices to protect the Company's information, in line with regulatory and industry norms.

Information to the Board and Committees

The Chairman and the Company Secretary ensure that Directors receive adequate information, both qualitative and quantitative, in a timely manner to enable them to make informed business decisions. At the last assessment, the Board and its Committees found the information provided to them adequate.

Selection of Agenda Items for Board Meetings



Data Protection Act (DPA) 2017

The DPA 2017 is being closely monitored by the Company, through its Corporate Governance Committee. Policies and procedures have been put in place during 2019 to ensure the Company complies with the legislation. The Board is comfortable that the current arrangement is adequate.

6.4 Charters, Policies and Codes

Overview

The policies laid out in the key documents mentioned in the following table are approved by the Board, on the recommendation of its relevant Committees, and are applied throughout the Group. Certain Policies and Codes are subject to review at least annually whilst Charters are reassessed every two years, unless otherwise required.

Charters	Policies
Audit and Risk Management	Business Travel
Audit (Risk Management) Committee Charter ☼	Conflict of Interests and Related Party Transactions ◊
Risk Management	Corporate Social Responsibility
Internal Audit	Data Protection
Board of Directors	Dividend
Board of Directors' Charter ☼	Environmental
Letter of Appointment	Equal Opportunity
Board and Director Self-assessment Questionnaire	Executive Leave
Board Committees Self-assessment Questionnaires	Health & Safety
Board of Directors and Key Executives Succession Planning	Nomination
Board Strategic Plan	Procurement
Corporate Governance and Compliance	Remuneration
Corporate Governance Committee Charter ☼	Risk Management
Statement on Corporate Governance	Share Dealing
Corporate Governance Programme	Cookies and Privacy ☼
Compliance	
Compliance Officer Accountabilities	
Professional Standards and Guidelines for Compliance Officers	
Fondation Constance Charter	
Nomination & Remuneration	
Nomination & Remuneration Committee Charter ☼	
Codes and Other Documents	
Code of Ethics and Conduct	
Code of Ethics and Conduct for Directors ◊	
IT Code of Practice	
Position Statements ☼	

☼ *Full version available on the Company's website*   ◊ *Summarised version available on the Company's website*

6.4 Charters, Policies and Codes (continued)

Code of Ethics and Conduct

The Company is committed to a code of ethics and conduct, which is outlined in its general Code of Ethics and Conduct, as well as in its Code of Ethics and Conduct for Directors. These documents are comprehensive statements of the guiding principles of conduct which the Company expects its Directors and employees to observe in the discharge of their responsibilities. These codes state the high moral, ethical and legal standards which the Company maintains and under which it carries out its business. It states publicly to all the Company's stakeholders the standards of behaviour they can expect from the Company's Directors and employees. The Board regularly monitors and evaluates compliance with the Company's Code of Ethics and Conduct.

Conflict of Interests and Related-Party Transactions

The Company's Conflict of Interests and Related-Party Transactions Policy provides a structure which ensures that all transactions pertaining to the operations of the Company and its subsidiaries are properly disclosed and can be adequately managed, without detriment to the reputation and integrity of the Company and its stakeholders, in so far as it relates to good corporate practice. At each Board meeting, Board Members and Senior Officers are invited to make relevant declarations in addition to those already disclosed.

The Audit (Risk Management) Committee reviews with Management and the External Auditors, any potential Conflict of Interests and Related-Party transactions to ensure that the disclosure requirements are met. The related-party transactions are disclosed on pages 101 and 102 of the Annual Report. These transactions were conducted in accordance with the Company's Conflict of Interests and Related-Party Transactions Policy, and Code of Ethics and Conduct for Directors.

Whistleblowing

The Company has in place a process whereby any employee may report matters of suspected misconduct or malpractice within the Company, without the risk of subsequent victimisation, discrimination or disadvantage.

6.5 Audit

Internal Audit

Internal Audit is an appraisal function established to examine and evaluate the activities of the Company independently, as a service to the Board of Directors and to Management. The Internal Auditors are entrusted with the responsibility of appraising the Company's policies, procedures and the operating, financial and management controls in order to ensure that the business is properly managed and that effective controls are promoted and implemented, at reasonable cost.

The Internal Auditors report to the Constance Group CEO; they also have a functional reporting line to the Audit (Risk Management) Committee.

The Company has an Internal Audit Charter, which has been approved by the Board and governs the Internal Audit function in terms of responsibility, role, scope, authority, independence, reporting procedures, auditing standards and external relationships. It also highlights the unrestricted access which the Internal Auditors have to the records, Management, and employees of the Company.

The Company's Internal Audit function is outsourced to Messrs. PricewaterhouseCoopers (PwC) on a three-year contract, which was last renewed on 1 January 2020. The Audit (Risk Management) Committee regularly assesses the performance of the Internal Auditors and is satisfied of their effectiveness and independence.

The annual internal audit plan, which is approved by the Constance Group CEO and ratified by the Audit (Risk Management) Committee, is based on the principles of risk management, to align the coverage and effort with the degree of risk attributable to the areas audited. High-risk issues, together with internal audit recommendations are tabled during the Audit (Risk Management) Committee meetings, where management comments and implementation plans are also discussed. The progress into the audit plan is also analysed and gaps, if any, are explained to the Committee. During 2019, the Internal Auditors conducted the audit on the following area, systems and processes and attended the Audit (Risk Management) Committee meetings to report on their findings and recommendations.

6.5 Audit (continued)

Internal Audit (continued)

Area	Systems & Processes Covered
Non-sugar activities	• New sales contract • Sales variances • Policies and procedures Whilst in certain cases, the recommendations have been implemented, in other cases, their implementation would be subject to the consideration of practicality and materiality.

External Audit

The Audit (Risk Management) Committee makes recommendations to the Board in relation to the appointment, remuneration, termination and oversight of the External Auditor. The latter provides an independent opinion on the Company's annual report, including its Corporate Governance report and financial statements.

The Audit (Risk Management) Committee also ensures that key partners, within the appointed External Audit firm, are rotated from time to time. Moreover, in order to ascertain that the provision of non-audit services by the External Auditor does not impair its independence and objectivity, such non-audit services are required to be pre-approved by the Audit (Risk Management) Committee and undertaken by a different partner.

The criteria for the selection, appointment and re-appointment of the External Auditor are:

- Expertise and reputation of the accountancy firm;
- Access to expert international accounting standards, to research relevant to the industry, demonstrable audit quality-control processes and substantial resources to carry out the assignment;
- Competitive fees;
- Ethics, safeguard of objectivity and independence;
- Absence of any conflict of interests;
- Specific knowledge of the industry and business of the firm by the partner;

The key steps of the External Auditor selection, appointment and re-appointment process include the following:

i. Appointment of the External Auditor lies within the Board's scope of responsibility; it is subject to the approval of shareholders;

ii. The review of the External Auditor's performance and independence lies within the Audit (Risk Management) Committee's scope of responsibility. The Committee also benchmarks the cost and scope of the external audit engagement prior to their appointment and thereon annually;

iii. The appointed External Auditor is required to present to Management an annual external audit proposal;

iv. In consultation with Audit (Risk Management) Committee, Management approves the scope of the audit, the terms of the annual engagement letter and the audit fees;

v. The External Auditor prepares the annual engagement letter in conjunction with Management;

vi. Upon engagement, the External Auditor has unfettered access to Management, staff, records and company facilities, and is allowed a reasonable and agreed time frame to conduct its audit.

6.5 Audit (continued)

External Audit (continued)

Prior to the approval of the present audited financial results by the Board, the External Auditor was invited to attend the Audit (Risk Management) Committee meeting to review all matters related to the audit, covering accounting principles and critical policies, judgements and estimates. The Audit (Risk Management) Committee discussed with the External Auditor and Management, matters of significance regarding policies and accounting treatments. It ensured that it was satisfied that these matters had been appropriately addressed. The External Auditor has direct access to the Audit (Risk Management) Committee should it wish to discuss any matter privately. The External Auditor also reviewed and approved the Company's Corporate Governance Report for the year under review.

BDO & Co. have been the External Auditor of the Company until the financial year 2019. To comply with the Financial Reporting Act 2004 (amended in 2016), they will be rotated out in 2020. Following a comprehensive evaluation, by the Audit (Risk Management) Committee, of proposals received from various companies, Ernst & Young will be recommended, by the Board, for appointment as the Company's new External Auditors, at the forthcoming Annual Meeting of Shareholders.

7. RELATIONS WITH KEY STAKEHOLDERS

7.1 Shareholding Spread

Size of Shareholding	Number of shareholders	Number of shares owned	Percentage shareholding
1 – 500	257	36,361	0.758
501 – 1,000	44	34,247	0.714
1,001 – 5,000	75	168,305	3.506
5,001 – 10,000	8	62,371	1.299
10,001 – 50,000	10	235,688	4.910
50,001 – 100,000	7	520,270	10.839
100,001 – 250,000	6	800,662	16.680
250,001 – 500,000	2	640,425	13.342
Over 500,000	3	2,301,671	47.952
Total	**412**	**4,800,000**	**100.000**

Shareholder category	Number of shareholders	Number of shares owned	Percentage shareholding
Individuals	352	2,304,185	48.004
Pension and Provident Funds	6	469,818	9.788
Investment and Trust Companies	2	2,038	0.042
Other Corporate Bodies	52	2,023,959	42.166
Total	**412**	**4,800,000**	**100.000**

7.2 Substantial Shareholders

As at 31 December 2019, the substantial shareholders of the Company were as follows

Shareholders	%
Société des Fraisiers	18.71
Manvest Limited	16.32
Mrs Josiane REY	12.92
Swan Life Ltd	9.76
Estate J. Clement REY	8.08
Mrs Nicole VALLET	5.26

7.3 Shareholders' Agreement

The Company is aware of a *Protocole d'Accord* that exists between four of its main shareholders, and which principally governs the allocation amongst them of certain seats on the Company's Board. The Company's Nomination & Remuneration Committee ensures that the nominees meet the criteria prescribed by the Companies Act 2001, the National Code of Corporate Governance for Mauritius (2016), and the Company's Director Nomination Policy, and that they are able to discharge their responsibilities effectively and in a transparent manner for the benefit of the Company as a whole.

7.4 Dividend Policy

The Company's Dividend Policy is to distribute to its shareholders, whenever possible, an adequate dividend, subject to the Company's performance, cash flow position and capital expenditure requirements. The dividend payment is subject to the solvency test being satisfied as required under section 61(2) of the Companies Act 2001.

7.5 Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is at ECS Secretaries Ltd which is responsible for the management of its Share Register. Shareholders may address, in writing, any administrative enquiries regarding their personal details, dividend payments and the like to ECS Secretaries Ltd.

7.6 Management Services Agreement

The Company has a management services agreement with Constance Corporate Management Limited (CCM), in which the Company holds a 50% interest at the year end. Under this agreement, CCM provides a wide range of corporate and management services to the Company in the fields of strategic planning, general and corporate affairs, financial accounting and management, legal and tax, company secretariat, finance and development, and technical support. The fees charged are based on a percentage mix of net asset value, market capitalisation and net profit. The fees amounted to MUR 16.7 million for the year under review.

7.7 Contracts of Significance

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

7.8 Stakeholder Engagement

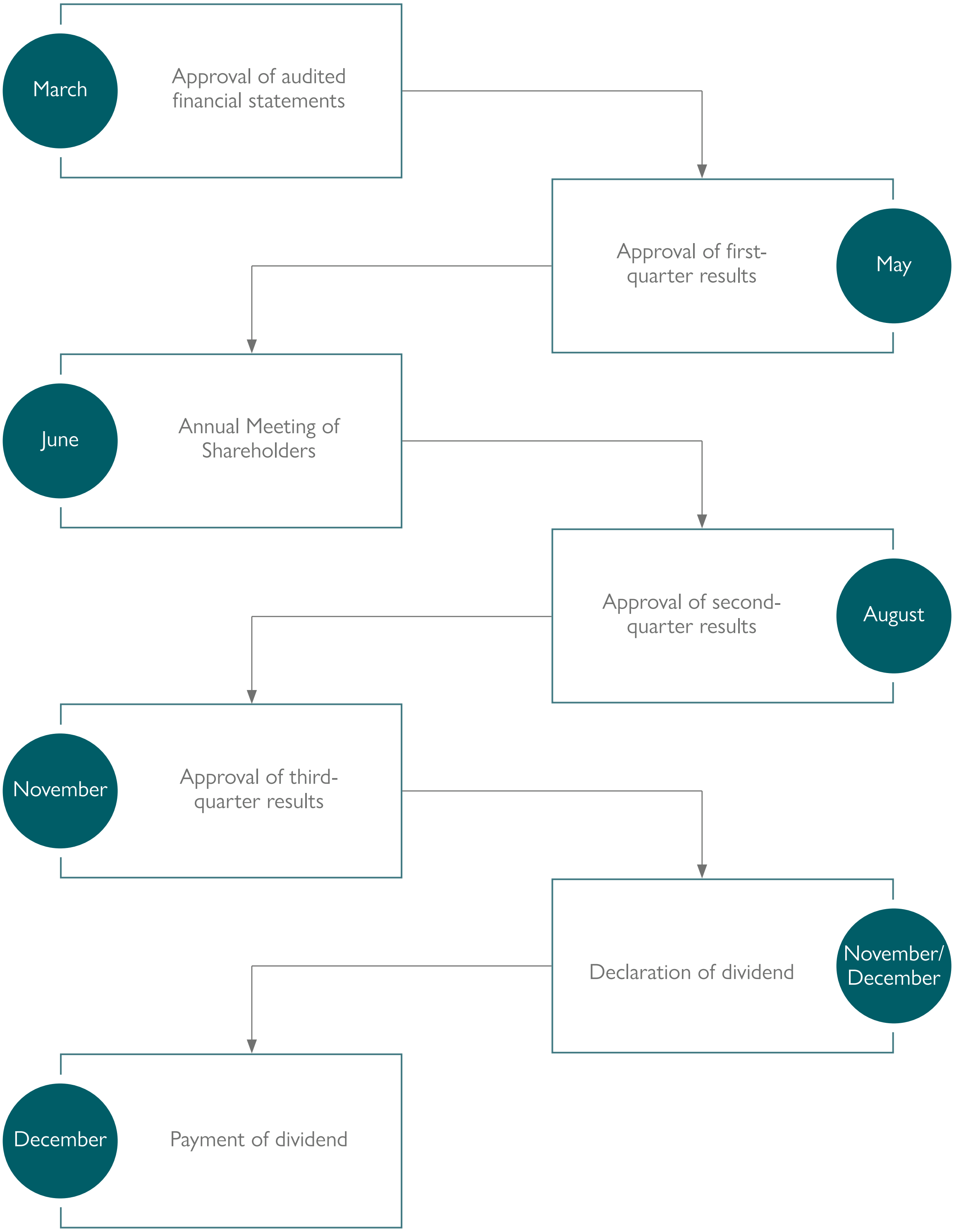
Constance La Gaieté Company Limited is committed to delivering sustainable economic and social value to its stakeholders. In doing so, we believe it is a sine qua non that we regularly engage with our stakeholders and actively listen to their views, needs and feedback in order to formulate and execute effective and efficient strategies.

During the year under review, the Company engaged in dialogues with relevant key stakeholders on topics such as performance, potential projects, financial situations and general outlook.

The Company's engagement modes are summarised in the following Stakeholder Engagement Matrix.

Stakeholders	Expectations	Mode of Engagement / Communication	Frequency
Shareholders	Sustainable returns on investment through: • Effective and efficient growth strategies • Sound management of financial and risk-related matters • Enhanced competitiveness through diversification moves • Responsible business practices	– Annual Report – Annual Meeting of shareholders – Quarterly financial statements published in newspapers on the website of the Stock Exchange of Mauritius (SEM) – Communiques in the press and on the website of the Stock Exchange of Mauritius (SEM) – Website	Annual Annual Quarterly As and when required Ongoing
Suppliers/ Contractors	Long-term business relationships through: • Favourable terms • Mutual respect	Contracts	Ongoing
Local Communities & NGOs	• Responsible business practices, taking into consideration social and environmental issues. • Contribution to the economic and social progress of local communities. • Responsiveness to material issues raised by the local communities. • Compliance with all applicable laws and regulations.	Support to NGOs: Pils, T1 Diams, Lizie dan La Main, Etoile de Mer School, SAFIRE, Centre Joie de Vivre, Friends of the Poor, SOS Children's Village and Centre d'Accueil de Terre Rouge.	Ongoing
Government and Regulators	• Compliance with all applicable laws and regulations.	Regulatory filings: Registrar of Companies, Stock Exchange of Mauritius, Financial Services Commission, Financial Reporting Council, Mauritius Revenue Authority, Data Protection Office, Ministry of Labour, Industrial Relations and Employment.	As applicable

7.9 Timetable – Important Events



Corporate Values

Constance Group pursues the enhancement of corporate values through sound and ethical business practices. To fulfil this objective, it continually undertakes Group-wide initiatives to strengthen its corporate governance structure; maintain sound employment practices, ensure a healthy and safe workplace, quality and job-related training; and to protect and preserve the environment in which its member companies operate, through efficient resource management and utilisation. The Group also plays an active role in poverty eradication and the furtherance of a sustainable society, through social contribution programmes.

In recent years, Constance Group has more closely aligned its social and environmental responsibilities with its business strategy to reflect the Group's vision and values in a relevant manner. Its ultimate objective, in doing so is to fully instill its values into the business practices of its member companies, with emphasis on the effective management of their economic, social and environmental obligations.

Shareholders

The Company communicates with its shareholders through its Annual Report, the publication of its quarterly results and other communiques in the press, and at its Annual Meeting.

The Board is committed to promoting an open and transparent communication with its shareholders to ensure they receive the correct and adequate information while upholding a dependable relationship with them. With the introduction of the website, communication with the Company's shareholders will be enhanced as a comprehensive set of corporate documents and publications will be accessed in a timely manner.

Employees

The Company places emphasis on the training and development of its employees and is committed to providing and maintaining a safe and healthy working environment for them. Regular feedback is sought to ascertain their level of performance and satisfaction and to ensure their continual improvement and motivation.

Contractors and Suppliers

The positive feedback received from the Company's suppliers reflects its continuing commitment to maintaining the highest standards of ethics and integrity in its dealings with them.

Code of Ethics and Conduct

The Company is committed to a code of ethics, which is outlined in its Code of Ethics and Conduct, as well as in its Code of Ethics and Conduct for Directors. These documents are comprehensive statements of the guiding principles of conduct which the Company expects its Directors and employees to observe in the discharge of their responsibilities. These codes state the high moral, ethical and legal standards which the Company stands for and by which it professes to do its business. They state publicly to all the Company's stakeholders the standards of behaviour they can expect from the Company's Directors and employees.

Health & Safety

The Company has a Health & Safety Officer and implements appropriate policies. It carries out ongoing Health & Safety audits and ensures that employees and Management are fully aware of the risks at the workplace and can undertake their tasks in a safe and conducive working environment.

Environment

The Company recognises its obligations to respect the environment and has always striven to achieve environmental best practices across its operations.

Corporate Social Responsibility

Mission

As part of its mission, the Company cares for the well-being and development of its operations' neighbouring communities. The Company considers its Corporate Social Responsibility (CSR) involvement and contributions as investments that bolster the sustainable development of the community.

Fondation Constance

Fondation Constance is the entity that is responsible for the implementation of Constance Group's CSR programmes, through its Steering Committee. The latter reports to the Corporate Governance Committee, which recommends the approval of the foundation's annual programme to the Board and monitors its performance on a quarterly basis.

Objectives

Constance Group's CSR policy is guided by a set of three objectives:

Whilst Fondation Constance extends its commitments to high-impact projects at national level, it tends to give priority to projects in the region in which its Group member companies operate. This gives the Group a wider opportunity to reach out to its local stakeholders.

Donation Policy

The Group's allocation of funds follows a specific donation policy that is meant to:

i. Ensure that all its donations are compatible with its business activities and reflect its respective values and objectives.

ii. Support people and communities at both local and national level, with the aim of making their lives better and giving them opportunities that they might otherwise not have access to.

iii. Enhance and safeguard the natural environment.

Corporate Social Responsibility (continued)

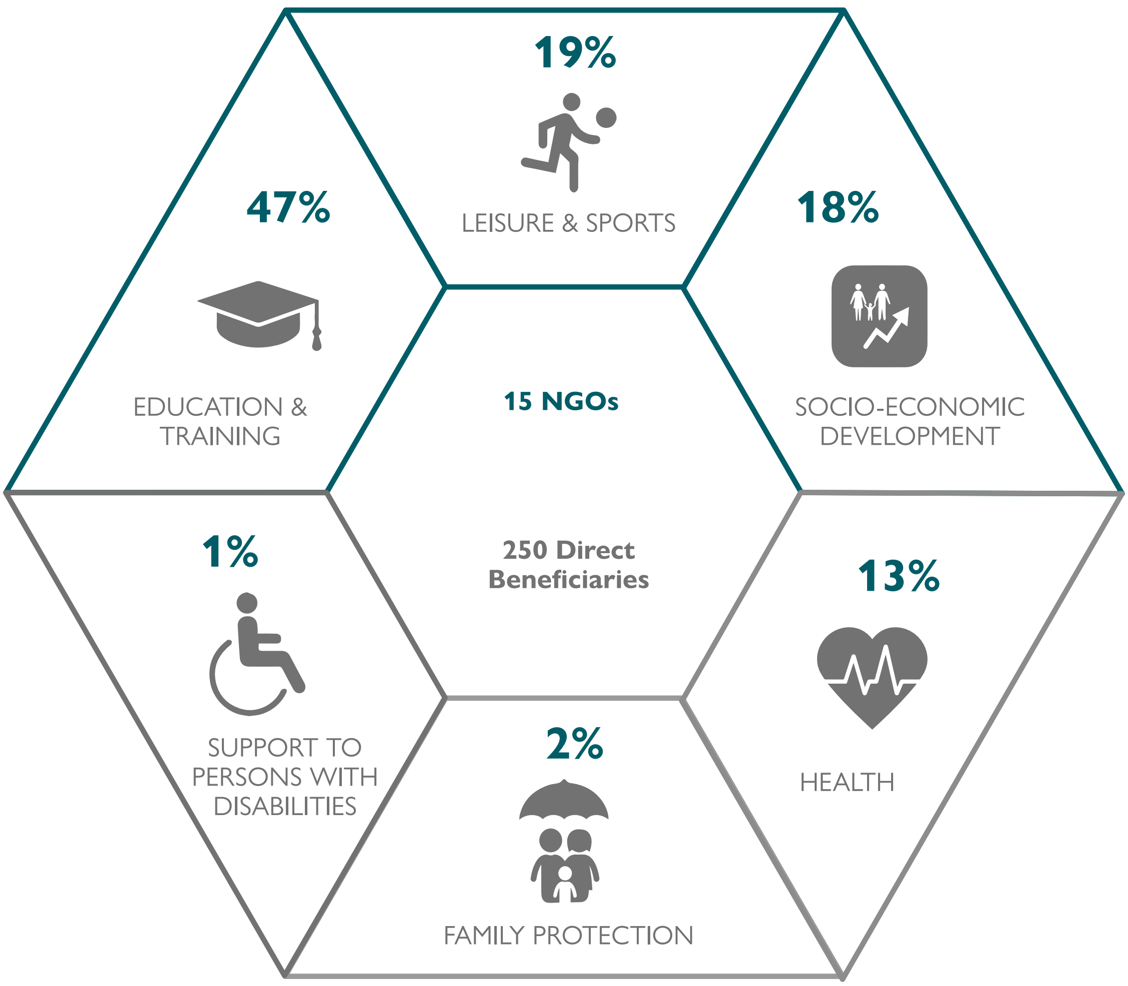
Donation Policy (continued)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000
Under the aegis of Fondation Constance	**300**	300	**300**	300

Fund Allocation of Fondation Constance

In 2019, Fondation Constance allocated the available financial resources to fund projects in six focus areas, namely education & training, leisure & sports, socio-economic development, health, family protection and support to persons with disabilities. It supported 15 NGOs, reaching a total of 250 direct beneficiaries.

FUND ALLOCATION BY FOCUS AREA, YEAR ENDED 31 DECEMBER 2019



Education & Training

24 beneficiaries

Primary School Achievement Certificate Sponsorship (PSAC)

Fondation Constance believes in the empowerment of communities through education. Scholarships are awarded annually to the four best PSAC pupils from the Poste de Flacq Government and RCA schools, to cover their secondary studies and enhance equitable and quality secondary education leading to relevant and effective learning outcomes. Many previous beneficiaries have gone on to pursue tertiary studies.

2 NGOs
95 Beneficiaries
3,796 Meals Served

Non-Formal Education and Breakfast Support Programme for Children from Vulnerable Groups

Fondation Constance sponsored two NGOs dedicated to the development of quality non-formal education programmes for children from vulnerable groups.

This project benefitted 95 persons

Zippy's Friends

Zippy's Friends is a programme that helps young children, aged between five and seven years, to develop their ability to cope with everyday difficulties, to identify and talk about their feelings and to explore ways of dealing with them. It is an integrated project which aims at maintaining good mental health, which in turn impacts positively on the academic performance of students and the long-term economic empowerment of vulnerable people.

In 2019, Fondation Constance elected to sponsor the Poste de Flacq RCA school. Overall, 14 students, 3 teachers, the Deputy Headmaster and the Headmaster responded positively to the project. 15 members of the staff benefitted from training sessions on "Well-being". Improvements have been noted in the behaviour, the relational faculties and academic performance of the children.

Technical Training

Fondation Constance sponsors youths who demonstrate a keen desire to uplift themselves and secure future employment through vocational training. One student of *Collège Technique Saint Gabriel* and one from *St Joseph Technical School* took advantage of the scheme and successfully completed their courses. It is encouraging to note that many of the beneficiaries of this scheme have secured employment and are progressing in their career.

Leisure & Sports

Constance Cycling Academy

Fondation Constance encourages the promotion of recreational, leisure and sports activities in the eastern region of Mauritius. The objective is to groom young people into responsible leaders whilst empowering them to achieve their full potential and well-being. Fondation Constance is a staunch supporter of the *Faucon Flacq Sporting Club (FFSC)* which promotes sports for the benefit and development of young people from underprivileged families.

The *Constance Cycling Academy*, financed by Fondation Constance, has been very active in 2019. The 6 "Cadets" and 6 "Minimes", as worthy beneficiaries, have lived up to expectations in winning races in their respective categories.

Whilst many of these young people were addicted to cigarettes, the practice of sport has instilled in them a sense of discipline and a healthy lifestyle, resulting in their giving up smoking and doing much better at school.

We firmly believe that sport remains an excellent means of reintegration and allows people to be more responsible towards civil society.

Socio-Economic Development

7 Direct Beneficiaries

Empowerment through Training and Placement

Fondation Constance continued to provide training at the Constance Hospitality Training Centre (CHTC) to 7 persons from vulnerable groups of the eastern region of Mauritius to give them skills, thus enhancing their employability.

During the year under review, 7 underprivileged women participated in the Adult Literacy Programme in order to empower them and restore their sense of human dignity.

Schooling Support

During the year under review, Fondation Constance continued to sponsor *Friends of the Poor* with a view to providing support to ten children from vulnerable groups from the eastern region of Mauritius.

Socio-Economic Development (continued)

Protection of vulnerable persons

This year, employees of the Constance Group organised a Christmas party for the elderly. This initiative, which benefitted from the support of Fondation Constance, was meant to involve employees with a strong sense of social concern and care, both in terms of volunteer work and fund raising. In that context, they generously donated gifts to the 58 beneficiaries and sang Christmas Carols, which brought a feeling of great joy and happiness for the festive season.

25 Beneficiaries

Service d'Accompagnement, de Formation, d'Insertion et Réhabilitation de l'Enfant (SAFIRE)

Fondation Constance continued to live up to its commitment as a socially-responsible organisation. In 2019, it partnered with SAFIRE, an NGO engaged in the promotion of the rights of street children. This partnership enables the children living in the regions where companies of the Constance Group do business, to benefit from the initiatives of Fondation Constance. The beneficiaries have access to free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes and the reinstitution of their dignity.

Health

Prévention Information Lutte Contre le Sida (PILS)

During the year under review, Fondation Constance continued to support *PILS* in its fight against HIV/AIDS.

Health (continued)

Centre d'Accueil de Terre Rouge (CATR)

Drug addiction is alarmingly on the rise, particularly among young persons of the East of Mauritius. To respond to the lack of adequate support offered to them, Fondation Constance has joined forces with the *Centre d'Accueil de Terre Rouge* (CATR), expert in this matter, to develop a programme to strengthen the prevention and treatment of substance abuse in the region.

A Day Centre, opened on 05 September 2018, continued to receive the financial support of Fondation Constance in 2019. 144 counselling and sensitisation sessions were offered to the community by CATR in 2019. 16 persons from the East have completed the residential programme offered at Terre Rouge, and 15 youngsters from the East have completed the 'Art Therapy' sessions at Rivière Citron.

With the increasing demand for appropriate treatment in the East, CATR and Fondation Constance are increasing collaboration to provide facilities and means to combat drug addiction in the East. It is planned that a Day Centre, with appropriate amenities, will be put at the disposal of the CATR in the future.

Family Protection

SOS Children's Village

Fondation Constance continued to provide financial support to *SOS Children's Village* to ensure abandoned and neglected children grow with love, respect and security in a family-based residential care, and under the guidance of a substitute mother. The project provides for the children's basic and developmental needs, their education and training support, towards their early social integration.

Support to persons with disabilities

Lizié dan La Main

In 2019, Fondation Constance continued to support NGOs promoting the social integration of persons with physical disabilities. *Lizié dan La Main* was one of the beneficiaries.

Looking ahead

Pursuant to the amendment to the legislation, companies are compelled, since 01 January 2019, to channel 75% of their contributions to the Mauritius Revenue Authority (MRA) as CSR tax. Only 25% of CSR funds are now available to implement Fondation Constance's own social programmes and initiatives, and support long-term partners, NGOs and underserved communities.

Companies can request to recover the additional 25% from the National Social Inclusion Foundation (ex-National CSR Foundation) to continue supporting programmes launched prior to 01 January 2019. This legal constraint restricts the availability of CSR funds. Although the impact has been limited for the time-being, Fondation Constance has adjusted its action plans in order to deliver on its objectives.

We shall consequently commit funds over and above the mandatory CSR levy and renew our engagement to contribute towards the well-being and development of the community in which Constance Group member companies operate.

Other Statutory Disclosures
(pursuant to section 221 of the Companies Act 2001)

Directors' Remuneration and Benefits

Remuneration and benefits paid to the Directors during the year under review by the Company and its subsidiaries were as follows:

Remuneration and benefits (MUR'000)	From the Holding Company	From Subsidiaries	Total
Non-Executive/Independent			
George J. DUMBELL – Chairman	524	-	524
Nicolas BOULLÉ	90	-	90
Marc FREISMUTH	160	-	160
Jean JUPPIN DE FONDAUMIÈRE	145	-	145
Maxime REY	90	-	90
Georgina ROGERS	165	-	165
Jean-Jacques VALLET	90	-	90
Noël Adolphe VALLET	145	-	145
Total Non-Executive/Independent	**1,409**	**-**	**1,409**
Executive			
Clément D. REY	90	-	90
Jean RIBET	-	-	-
Total Executive	**90**	**-**	**90**

Directors' Service Contracts

Mr George J. Dumbell, Chairman of the Company, has a two-year service contract which expires on 31 December 2021. The other Directors do not have service contracts with the Company, but letters of appointment.

Directors of Subsidiary

Name of Director	Compagnie de Cheops Ltée
Jean RIBET	*
Kevin CHAN TOO	*
Clément D. REY	*

Auditors' Remuneration

The fees paid to the auditors (exclusive of VAT) were:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000
Audit fees paid to:				
BDO & Co.	**915**	897	**850**	835
Other firms	**-**	-	**-**	-
Fees for other services paid to:				
BDO & Co.	**-**	-	**-**	-
Other firms	**-**	-	**-**	-

Donations

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000
Political	**-**	-	**-**	-
Others	**8**	135	**8**	135
	8	135	**8**	135

Statement of Directors' Responsibilities
In Respect of Financial Statements

The Directors acknowledge their responsibilities for:

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

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

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

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

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

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

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

iv. The Code of Corporate Governance has been adhered to in all material aspects, and reasons provided for non-compliance.

Approved by the Board of Directors and signed on its behalf by:

George J. Dumbell
Chairman

Jean Ribet
Executive Director
Constance Group Chief Executive Officer

29 June 2020

Company Secretary's Certificate

In terms of section 166 (d) of the Companies Act 2001, we certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Act.

Marie-Anne Adam, ACIS

For La Gaieté Services Ltd

Secretaries

29 June 2020

Independent Auditor's Report

To the Shareholders of Constance La Gaieté Company Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Constance La Gaieté Company Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 59 to 104 which comprise the statements of financial position as at December 31, 2019, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 59 to 104 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 4.1(e) in the financial statements, which describes management assessment of the impact of COVID-19 on the Group's and Company's ability to continue as a going concern for the next twelve months from the date of signature of these financial statements . As stated in Note 4.1(e), this event indicates that the Group and the Company will continue in operational existence for the foreseeable future under the assumption of continued financial support from the banks and proceeds generated from sale of land to meet liquidity requirements for the next twelve months from approval of the financial statements and by agreeing to any additional short-term financing facilities that the Group and the Company may require. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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.

KEY AUDIT MATTER	AUDIT RESPONSE
1. Carrying value of investment in associates	
In the Company's separate financial statements, investments in associates are carried at cost less impairment in accordance with IAS 36. The carrying value of investments stood at MUR 127.9M at December 31 2019. Management makes an impairment assessment on the investment in associates when there is an indication of impairment at each reporting date.	- We reviewed and discussed with management and those charged with governance the Company's assessment of whether there is objective evidence that the investment in associates is impaired and carried out appropriate impairment tests to ensure that the near-term business outlook of the investee seems reasonable.
Refer to note 2(f) (accounting policies) and note 9 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
2. Retirement benefit obligations	
The Group contributes to a defined benefit pension plan which results in a significant liability on the statements of financial position. The valuations of the retirement benefit obligations are calculated with reference to a number of actuarial assumptions and inputs including discount rate, salary growth rate and expected return on plan assets.	- We assessed the key controls over the completeness and accuracy of data used in the actuarial valuation for the calculation of the retirement benefit obligations. - We assessed the reasonableness of actuarial assumptions used including benchmarking to other entities in the industry.
Refer to note 2(o) (accounting policies), note 4(c) (critical accounting estimates) and note 19 of the accompanying financial statements.	

Other information

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

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

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

Corporate Governance Report

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other Matter

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

BDO & CO
Chartered Accountants

Ameenah Ramdin FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

29 June 2020

Financial Statements

Statements of Financial Position - December 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Assets					
Non-current assets					
Property, plant and equipment	5	**388,662**	484,078	**387,462**	482,878
Investment property	6	**213,293**	22,744	**213,293**	22,744
Intangible assets	7	**119**	197	**119**	197
Investments in subsidiary companies	8	**-**	-	**4,225**	4,225
Investments in associates	9	**52,644**	223,492	**127,900**	189,518
Financial assets at fair value through other comprehensive income	10	**53,900**	48,969	**53,879**	48,948
Deferred expenditure	11	**19,380**	5,424	**19,380**	5,424
Deferred tax assets	12	**52,276**	58,652	**52,276**	58,652
		780,274	843,556	**858,534**	812,586
Current assets					
Consumable biological assets	13	**15,697**	13,245	**15,697**	13,245
Inventories	14	**7,784**	5,758	**7,784**	5,758
Trade receivables	15	**68,057**	41,575	**68,057**	41,575
Other financial assets at amortised cost	16	**1,254**	1,480	**3,530**	3,527
Other assets	17	**85,929**	75,549	**84,684**	73,369
Cash and cash equivalents	31(b)	**1,630**	275	**1,561**	259
		180,351	137,882	**181,313**	137,733
Total assets		**960,625**	981,438	**1,039,847**	950,319
Equity and Liabilities					
Capital and reserves					
Stated capital	18	**120,000**	120,000	**120,000**	120,000
Reserves		**73,740**	83,107	**86,607**	88,452
Retained earnings		**19,471**	184,109	**85,991**	147,645
Total equity		**213,211**	387,216	**292,598**	356,097
Non-current liabilities					
Borrowings	19	**165,023**	205,823	**165,023**	205,823
Retirement benefit obligations	20	**211,909**	208,005	**211,909**	208,005
		376,932	413,828	**376,932**	413,828
Current liabilities					
Trade and other payables	21	**177,017**	93,004	**176,852**	93,004
Borrowings	19	**193,465**	87,390	**193,465**	87,390
		370,482	180,394	**370,317**	180,394
Total liabilities		**747,414**	594,222	**747,249**	594,222
Total equity and liabilities		**960,625**	981,438	**1,039,847**	950,319

These financial statements have been approved for issue by the Board of Directors on 29 June 2020.

George J. Dumbell
Chairman

Jean Ribet
Director
Constance Group Chief Executive Officer

The notes on pages 65 to 104 form an integral part of these financial statements. Auditor's report on pages 54 to 57.

Statements of Profit or Loss - Year ended December 31, 2019

		THE GROUP		THE COMPANY	
	Notes	**2019 MUR'000**	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Revenue					
Sugar, molasses and bagasse	2(r) & 22	**117,707**	113,027	**117,707**	113,027
Other operating revenue	23	**112,859**	93,067	**111,942**	92,244
		230,566	206,094	**229,649**	205,271
SIFB compensation	24	**28,923**	13,168	**28,923**	13,168
		259,489	219,262	**258,572**	218,439
Biological assets					
- consumable	13	**1,477**	(2,043)	**1,477**	(2,043)
Operating expenses		**(305,357)**	(303,589)	**(303,025)**	(302,808)
Operating loss	25	**(44,391)**	(86,370)	**(42,976)**	(86,412)
Other income	26	**57,992**	35,627	**57,853**	42,959
		13,601	(50,743)	**14,877**	(43,453)
Finance costs	27	**(15,216)**	(8,898)	**(15,216)**	(8,898)
Loss from ordinary activities		**(1,615)**	(59,641)	**(339)**	(52,351)
Share of results/impairment loss of associates	9	**(157,781)**	29,486	**(56,073)**	-
Loss before taxation		**(159,396)**	(30,155)	**(56,412)**	(52,351)
Taxation	28	**(6,251)**	7,843	**(6,251)**	7,843
Loss for the year		**(165,647)**	(22,312)	**(62,663)**	(44,508)
Loss per share (MUR)	29	**(34.51)**	(4.65)	**(13.05)**	(9.27)

The notes on pages 65 to 104 form an integral part of these financial statements. Auditor's report on pages 54 to 57.

Statements of Other Comprehensive Income - Year ended December 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		MUR'000	MUR'000	**MUR'000**	MUR'000
Loss for the year		**(165,647)**	(22,312)	**(62,663)**	(44,508)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations	20(vi)	**734**	31,978	**734**	31,978
Deferred tax on remeasurements of post employment benefit obligations	12(b)	**(125)**	(2,696)	**(125)**	(2,696)
Changes in fair value of equity instruments at fair value through other comprehensive income		**(1,445)**	(618)	**(1,445)**	(618)
Share of other comprehensive income of associates		**(7,522)**	(13,594)	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates		**-**	264	**-**	-
Other comprehensive income for the year, net of tax		**(8,358)**	15,334	**(836)**	28,664
Total comprehensive income for the year		**(174,005)**	(6,978)	**(63,499)**	(15,844)

The notes on pages 65 to 104 form an integral part of these financial statements. Auditor's report on pages 54 to 57.

Statements of Changes in Equity - Year ended December 31, 2019

THE GROUP	Stated capital MUR'000	Financial assets at fair value through OCI reserve MUR'000	Reserve on conso-lidation MUR'000	Reserves of associated companies MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserves MUR'000	Total MUR'000
Balance at January 1, 2019	120,000	15,057	361	(5,727)	160,592	184,109	(87,176)	387,216
Loss for the year	-	-	-	-	-	(165,647)	-	(165,647)
Other comprehensive income for the year	-	(1,445)	-	(7,522)	-	-	609	(8,358)
Transfer	-	-	-	-	(1,009)	1,009	-	-
Balance at December 31, 2019	**120,000**	**13,612**	**361**	**(13,249)**	**159,583**	**19,471**	**(86,567)**	**213,211**

THE GROUP	Stated capital MUR'000	Financial Assets at Fair value through OCI reserve MUR'000	Reserve on conso-lidation MUR'000	Reserves of associated companies MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserves MUR'000	Total MUR'000
Balance at January 1, 2018	120,000	15,675	361	7,603	161,964	205,049	(116,458)	394,194
Loss for the year	-	-	-	-	-	(22,312)	-	(22,312)
Other comprehensive income for the year	-	(618)	-	(13,330)	-	-	29,282	15,334
Transfer	-	-	-	-	(1,372)	1,372	-	-
Balance at December 31, 2018	**120,000**	**15,057**	**361**	**(5,727)**	**160,592**	**184,109**	**(87,176)**	**387,216**

Financial Assets at Fair Value through Other Comprehensive Income Reserve

The fair value reserves comprise the cumulative net change in the fair value of financial assets that has been recognised in other comprehensive income until the investments are derecognised. Represents changes in fair value of financial asets at FVTOCI recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings.

Reserves of associated companies

This reserve relates to movements in the respective reserves of associates.

Other reserves

Other reserves comprise mainly of the revaluation surplus that arose on revaluation of land.

Actuarial loss reserve

The actuarial loss reserve represents the cumulative remeasurement of defined benefit obligation recognised.

The notes on pages 65 to 104 form an integral part of these financial statements. Auditor's report on pages 54 to 57.

THE COMPANY	Stated capital MUR'000	Financial Assets at Fair value through OCI reserve MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserve MUR'000	Total MUR'000
Balance at January 1, 2019	120,000	15,036	160,592	147,645	(87,176)	356,097
Loss for the year	-	-	-	(62,663)	-	(62,663)
Other comprehensive income for the year	-	(1,445)	-	-	609	(836)
Transfer	-	-	(1,009)	1,009	-	-
Balance at December 31, 2019	**120,000**	**13,591**	**159,583**	**85,991**	**(86,567)**	**292,598**

THE COMPANY	Stated capital MUR'000	Assets at Fair value through OCI reserve MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserve MUR'000	Total MUR'000
Balance at January 1, 2018	120,000	15,654	161,964	190,781	(116,458)	371,941
Loss for the year	-	-	-	(44,508)	-	(44,508)
Other comprehensive income for the year	-	(618)	-	-	29,282	28,664
Transfer	-	-	(1,372)	1,372	-	-
Balance at December 31, 2018	**120,000**	**15,036**	**160,592**	**147,645**	**(87,176)**	**356,097**

The notes on pages 65 to 104 form an integral part of these financial statements. Auditor's report on pages 54 to 57.

Statements of Cash Flows - Year ended December 31, 2019

	Notes	THE GROUP 2019 MUR'000	THE GROUP 2018 MUR'000	THE COMPANY 2019 MUR'000	THE COMPANY 2018 MUR'000
Cash flows from operating activities					
Cash generated from/(used in) operations	31(a)	**35,049**	(26,123)	**34,998**	(26,051)
Interests received		**10,068**	6,415	**10,068**	6,415
VRS paid		**(288)**	-	**(288)**	-
Pension contributions paid		**(11,453)**	(13,095)	**(11,453)**	(13,045)
Interests paid		**(15,216)**	(8,898)	**(15,216)**	(8,898)
Tax (paid)/refund		**(22)**	47	**(22)**	47
Net cash generated from/(used in) operating activities		**18,138**	(41,654)	**18,087**	(41,532)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(116,758)**	(128,205)	**(116,758)**	(128,205)
Purchase of investment property		**(93)**	(7)	**(93)**	(7)
Purchase of investment in financial assets		**(6,375)**	-	**(6,375)**	-
Land development expenditure		**(13,956)**	(327)	**(13,956)**	(327)
Purchase of investment in associates		**(6,567)**	(17,208)	**(6,567)**	(17,208)
Proceeds from capital reduction		**12,112**	-	**12,112**	-
Proceeds from repayment of shareholder's loan from associate		**-**	1,803	**-**	1,803
Proceeds from sales of property, plant and equipment		**430**	483	**430**	483
Proceeds from sales of agricultural land		**47,870**	29,231	**47,870**	29,231
Dividends received		**1,279**	8,373	**1,277**	8,373
Net cash used in investing activities		**(82,058)**	(105,857)	**(82,060)**	(105,857)
Cash flows from financing activities					
Proceeds from borrowings		**115,000**	155,000	**115,000**	155,000
Payments of borrowings		**(700)**	-	**(700)**	-
Net cash generated from financing activities		**114,300**	155,000	**114,300**	155,000
Net increase in cash and cash equivalents		**50,380**	7,489	**50,327**	7,611
Movement in cash and cash equivalents					
At January 1,		**(87,102)**	(94,591)	**(87,118)**	(94,729)
Increase		**50,380**	7,489	**50,327**	7,611
At December 31,	31(b)	**(36,722)**	(87,102)	**(36,791)**	(87,118)

The notes on pages 65 to 104 form an integral part of these financial statements. Auditor's report on pages 54 to 57.

1. GENERAL INFORMATION

Constance La Gaieté Company Limited, is a limited liability company incorporated and domiciled in Mauritius. The address of its registered office is 5th Floor, Labama House, 35 Sir William Newton Street, Port-Louis.

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.

(a) Basis of preparation

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

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

The Group and the Company have net current liabilities of MUR 190.1M (2018: MUR 42.5M) and MUR 189.0M (2018: 42.7M) respectively at December 31, 2019. The financial statements have been prepared on a going concern basis, based on the Board's assessment and assumptions made as described in note 4 (e).

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

i) land is carried at deemed cost;

ii) financial assets at fair value through other comprehensive income and relevant financial assets and liabilities are stated at their fair value;

iii) relevant financial assets and liabilities are carried at amortised cost; and

iv) consumable biological assets are stated at fair value.

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The amendment has no impact on the Group's financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

***Standards, Amendments to published Standards and Interpretations effective in the reporting period** (continued)*

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

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

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

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

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

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

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

***Standards, Amendments to published Standards and Interpretations effective in the reporting period** (continued)*

- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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 Company'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.

(b) Property, plant and equipment

Property, plant and equipment (except for freehold land) are stated at historical cost/deemed cost less accumulated depreciation and impairment. Freehold land is stated at deemed cost and is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in 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.

Bearer plants

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

Depreciation is calculated on the straight-line method to write-off the cost, deemed cost or revalued amounts of the assets to their residual values over their estimated useful lives. The principal annual rates used are as follows:

- Improvement to land	1%-10%
- Buildings	2%-20%
- Machinery	5%-20%
- Vehicles	5%-20%
- Furniture, fittings and equipment	5%-20%
- Bearer plants	12.5%

Land is not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

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

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(c) Investment Property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Group are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives (10-50 years).

The principal annual rates used are as follows:

- Buildings	2%-10%
- Furniture & Fittings	10%

(d) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years).

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

(e) Investments in subsidiary companies

Separate financial statements of the investors

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

Consolidated financial statements

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments in subsidiary companies (continued)

Consolidated financial statements (continued)

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 interests' proportionate share of the acquiree's net assets.

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

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 asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Investments in associates

Separate financial statements of the investor

In the 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 except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the group's share of the net assets of the associate less any impairment in the value of individual investments.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments in associates (continued)

Consolidated financial statements (continued)

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.

(g) Financial assets

The Group classifies its financial assets as follows:

(i) Amortised cost

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

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. They are generally due for settlement within 90 days and are therefore classified as current. 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.

Financial assets at amortised cost generally arise from transactions outside the trading activities of the Group. Where applicable, interest may be charged at commercial rates where the terms of repayment exceed one year. There are no collateral for those receivables.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and for the purpose of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets (continued)

(ii) Fair value through other comprehensive income

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

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

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

(h) Financial liabilities

The Group classifies its financial liabilities as follows:

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

(i) Borrowings

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

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.

(j) Stated capital

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

(k) Deferred expenditure

Land development expenditure

Land development expenditure relates to cost incurred for the development of land into a saleable condition.

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Current and deferred income tax

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

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of the 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 period 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.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and on retirement benefit obligations.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts 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 such 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 whole objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

(n) Biological assets

Consumable biological assets

Consumable biological assets relate to livestock stated at their fair value being the expected net sales proceeds.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(p) Retirement benefit plans

Defined benefit plan

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, year 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Retirement benefit plans (continued)

Defined benefit plan (continued)

Remeasurement of the net defined benefit liability, which comprises 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 benefits 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.

Unfunded plans/ Gratuity on retirement

Artisans and labourers of sugar companies are entitled to a gratuity on death or retirement based on years of services. 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 a pension plan (or who are insufficiently covered by the above plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a (qualified) actuary and provided for. The obligations arising under this item are not funded.

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the distribution is authorised by the board and payable at reporting date.

(r) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian Rupees, the currency of the primary economic environment in which the entity operates (''functional currency''). The consolidated financial statements are presented in Mauritian Rupees, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Mauritian Rupees 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 translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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'.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Foreign currencies (continued)

(ii) Transactions and balances (continued)

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

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(s) Revenue recognition

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of goods and services in each such contract. The revenue amounts that are recognised reflect the consideration, net of discounts and applicable taxes, to which the Company expects to be entitled in exchange for those goods and services.

Revenue from the sale of products is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements. Each such sale normally represents a single performance obligation. For contracts that contain separate performance obligations, the transaction price is allocated to those separate performance obligations by reference to their relative standalone selling prices.

Turnover represents the gross proceeds of sugar and other products derived from sugar cane. The gross proceeds are based on the tonnage and prices communicated by the Mauritius Sugar Syndicate.

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

Revenue resulting from arrangements that are not considered contracts with customers is presented as Other Income.

Other revenues earned by the Group and the Company, comprising mainly of diversification products and rental income, are recognised when the goods are sold or services are rendered at a point in time.

(t) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets 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).

(u) Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation , its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(v) Segment reporting

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks. The Board provides guidelines for overall risk management and seeks to minimise potential adverse effects on the Group's financial performance.

The Risk Management Committee provides written principles for overall risk management as well as written policies covering specific areas of risk.

A description of the significant risk factors is given below.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including oustanding receivables.

Credit risk is managed on a Group basis.

For banks and financial institutions, only independently rated parties and reputed financial institutions are accepted.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable recovery include among others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payment when the receivables is overdue.

Sales to direct customers are required to be settled 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.

Interest rate risk

The Group's borrowings as shown in the financial statements are exposed to interest rate risks as it borrows mainly at variable rates. The Group objective is to have a mix of short term and long term borrowings so as to mitigate the interest rate risk.

At December 31, 2019, if interest rate on Rupee denominated borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have decreased/increased by MUR 1,261k (2018: decreased/increased by MUR 706k) mainly as a result of higher/lower interest rate expense on floating rate borrowings.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Market risk

(i) Currency risk

Although the price received for its sugar is denominated in Mauritian Rupee, the Group is indirectly exposed to foreign exchange risk. The sugar produced is sold through the Mauritius Sugar Syndicate, who uses various hedging techniques to hedge the sugar receipts. This risk affects both the crop proceeds and the fair value of the biological assets.

(ii) Price risk

The Group is exposed to price risk with regards to the incidence of the price of sugar on the world market.

The Group's and the Company's equity investments are exposed to equity price risks. The Group's and the Company's policy is to hold its investments for strategic and long term purposes. The Group manages its risks from its investment portfolio concentration in listed securities. The sensitivity analysis on those equity investments would have not affected profit for 2019 and 2018 as they are classified at fair value through other comprehensive income. If the price of securities had been 5% higher/lower as at the year end, the impact on equity would have been MUR 2,695k increase/decrease (2018: MUR 2,448k).

(iii) 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 includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

In order to ensure the adequacy of its funding requirements, cash flow forecasts are regularly prepared and the relevant credit facilities are closely monitored.

Capital risk management

The Group's objectives when managing capital are:

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

The Group's strategy is to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable costs.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Capital risk management (continued)

The debt-to-capital ratios at December 31, 2019 and December 31, 2018 were as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Total debt	**358,488**	293,213	**358,488**	293,213
Less: cash and cash equivalents	**(1,630)**	(275)	**(1,561)**	(259)
Net debt	**356,858**	292,938	**356,927**	292,954
Total equity	**213,211**	387,216	**292,598**	356,097
Total capital plus debt	**569,226**	680,154	**649,525**	649,051
Debt-to-capital ratio	**62.7%**	43.1%	**55.0%**	45.1%

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 available-for-sale investments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- Other techniques, such as discounted cash flow analysis are used to determine fair value for the remaining financial instruments.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) **Impairment of financial assets**

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

(b) **Biological assets**

(i) Bearer biological assets

These relate to land preparation and cane replantation costs and have been fully impaired following changes to market conditions and the introduction of new technology.

(ii) Consumable biological assets

The fair value of consumable biological assets has been arrived at by discounting the present value (PV) of expected net cash flows from standing canes at the relevant market determined pre-tax rate.

The expected cash flows have been computed by estimating the expected crop 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 budgets of the Company.

(c) **Retirement benefit obligations**

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, salary growth rate, pension growth rate, medical plans and expected returns. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

(d) **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, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Certain securities which do not have a quoted price are stated at cost less impairment as their fair value cannot be reliably measured as there is no active market and, an absence of track records for such or similar instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(e) **Material uncertainty related to going concern**

At December 31, 2019, the Group's gearing ratio was at 63% (2018: 43%). Furthermore, as at December 31, 2019, the Group incurred a loss of MUR 166 million (2018: MUR 22 million), including share of impairment loss in our associates of MUR 124 million. The Group meets its day-to-day working capital requirements through bank overdraft facilities which, in common with all such facilities, is repayable on demand. At the end of the reporting period, the Group's overdraft was MUR 38 million (2018: MUR 87 million).

Furthermore, the Group has secured loans of MUR 319 million (2018: MUR 205 million) of which MUR 155 million (2018: Nil) are repayable within one year.

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support from the banks and proceeds generated from sale of land to meet liquidity requirements for the next twelve months from approval of the financial statements and by agreeing to any additional short-term financing facilities that the Group may require.

Based on the above, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Land MUR'000	Improvement to land MUR'000	Land Development Projects MUR'000	Buildings MUR'000	Agricultural Equipment MUR'000	Motor Vehicles MUR'000	Furniture, Fixtures & Fittings MUR'000	Bearer Plants MUR'000	Total MUR'000
Cost or Deemed cost									
At January 1, 2018	284,328	22,216	34,974	45,896	64,896	56,801	9,288	115,584	633,983
Additions	4,430	11,071	106,252	70	477	-	303	5,602	128,205
Disposals	(1,723)	-	-	-	-	(1,533)	-	-	(3,256)
Scrapped	-	-	-	(26)	(2,044)	-	(131)	(40,359)	(42,560)
At December 31, 2018	**287,035**	**33,287**	**141,226**	**45,940**	**63,329**	**55,268**	**9,460**	**80,827**	**716,372**
Additions	5,316	5,112	98,976	137	1,866	110	89	5,152	116,758
Disposals	(1,268)	-	-	-	(1,140)	-	-	-	(2,408)
Transfer to investment properties	-	-	(199,143)	-	-	-	-	-	(199,143)
Scrapped	-	-	-	-	-	-	(206)	-	(206)
At December 31, 2019	**291,083**	**38,399**	**41,059**	**46,077**	**64,055**	**55,378**	**9,343**	**85,979**	**631,373**
Depreciation									
At January 1, 2018	-	1,083	-	30,212	58,563	50,373	7,223	115,584	263,038
Charge for the year	-	1,183	-	1,253	1,434	3,290	562	700	8,422
Disposal adjustment	-	-	-	-	-	(1,533)	-	-	(1,533)
Scrapped	-	-	-	(16)	(2,044)	-	(116)	(40,359)	(42,535)
Impairment of bearer	-	-	-	-	-	-	-	4,902	4,902
At December 31, 2018	**-**	**2,266**	**-**	**31,449**	**57,953**	**52,130**	**7,669**	**80,827**	**232,294**
Charge for the year	-	1,393	-	1,280	1,624	1,716	521	644	7,178
Disposal adjustment	-	-	-	-	(1,085)	-	-	-	(1,085)
Scrapped	-	-	-	-	-	-	(184)	-	(184)
Impairment of bearer	-	-	-	-	-	-	-	4,508	4,508
At December 31, 2019	**-**	**3,659**	**-**	**32,729**	**58,492**	**53,846**	**8,006**	**85,979**	**242,711**
Net Book Values									
At December 31, 2019	**291,083**	**34,740**	**41,059**	**13,348**	**5,563**	**1,532**	**1,337**	**-**	**388,662**
At December 31, 2018	**287,035**	**31,021**	**141,226**	**14,491**	**5,376**	**3,138**	**1,791**	**-**	**484,078**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

b) THE COMPANY

	Land MUR'000	Improvement to land MUR'000	Land Development Projects MUR'000	Buildings MUR'000	Agricultural Equipment MUR'000	Motor Vehicles MUR'000	Furniture, Fixtures & Fittings MUR'000	Bearer Plants MUR'000	Total MUR'000
Cost or Deemed cost									
At January 1, 2018	283,128	22,216	34,974	43,316	64,669	56,801	7,513	115,584	628,201
Additions	4,430	11,071	106,252	70	477	-	303	5,602	128,205
Disposals	(1,723)	-	-	-	-	(1,533)	-	-	(3,256)
Scrapped	-	-	-	(26)	(2,044)	-	(131)	(40,359)	(42,560)
At December 31, 2018	**285,835**	**33,287**	**141,226**	**43,360**	**63,102**	**55,268**	**7,685**	**80,827**	**710,590**
Additions	5,316	5,112	98,976	137	1,866	110	89	5,152	116,758
Disposals	(1,268)	-	-	-	(1,140)	(1,415)	-	-	(3,823)
Transfer to investment properties	-	-	(199,143)	-	-	-	-	-	(199,143)
Scrapped	-	-	-	-	-	-	(206)	-	(206)
At December 31, 2019	**289,883**	**38,399**	**41,059**	**43,497**	**63,828**	**53,963**	**7,568**	**85,979**	**624,176**
Depreciation									
At January 1, 2018	-	1,083	-	27,888	58,041	50,373	5,518	115,584	258,487
Charge for the year	-	1,183	-	1,253	1,434	3,290	533	700	8,393
Disposal adjustment	-	-	-	-	-	(1,533)	-	-	(1,533)
Scrapped	-	-	-	(16)	(2,044)	-	(118)	(40,359)	(42,537)
Impairment of bearer	-	-	-	-	-	-	-	4,902	4,902
At December 31, 2018	**-**	**2,266**	**-**	**29,125**	**57,431**	**52,130**	**5,933**	**80,827**	**227,712**
Charge for the year	-	1,393	-	1,280	1,624	1,716	521	644	7,178
Disposal adjustment	-	-	-	-	(1,085)	(1,415)	-	-	(2,500)
Scrapped	-	-	-	-	-	-	(184)	-	(184)
Impairment of bearer	-	-	-	-	-	-	-	4,508	4,508
At December 31, 2019	**-**	**3,659**	**-**	**30,405**	**57,970**	**52,431**	**6,270**	**85,979**	**236,714**
Net Book Values									
At December 31, 2019	**289,883**	**34,740**	**41,059**	**13,092**	**5,858**	**1,532**	**1,298**	**-**	**387,462**
At December 31, 2018	285,835	31,021	141,226	14,235	5,671	3,138	1,752	-	482,878

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Land has been stated at cost/deemed cost since 1990.

If land was stated at historical cost basis, the amount would be as follows:

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Cost	**82,860**	77,803

(d) Borrowings are secured on the assets of the Group including property, plant and equipment.

6. INVESTMENT PROPERTY

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Cost		
At January 1,	**52,523**	52,521
Additions	**93**	7
Transfer	**199,143**	-
Scrapped	**(248)**	(5)
At December 31,	**251,511**	52,523
Depreciation		
At January 1,	**29,779**	26,427
Charge for the year	**8,658**	3,353
Scrapped	**(219)**	(1)
At December 31,	**38,218**	29,779
Net Book Value		
At December 31,	**213,293**	22,744

The fair value of investment property was MUR 305 million (2018: MUR 103 million) using the income yield method.

The investment property is classified as Level 3 on the fair value hierachy. Rental income arising from investment property was MUR 18.15 million (2018: MUR 7.45 million). Direct operating expenses arising from investment property which generated rental income during the year was MUR 5.32 million (2018: MUR 7.13 million).

7. INTANGIBLE ASSETS

	THE GROUP AND THE COMPANY **Computer Software** **MUR'000**
Cost	
At January 1, 2019 and 2018	**1,940**
Amortisation	
At January 1, 2018	1,665
Charge for the year	78
At December 31, 2018	1,743
Charge for the year	78
At December 31, 2019	**1,821**
Net Book Value	
At December 31, 2019	**119**
At December 31, 2018	197

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2019 **MUR'000**	2018 MUR'000
Cost		
At December 31,	**4,225**	4,225

(a) The subsidiary companies of Constance La Gaieté Company Limited (which are all incorporated and operate in Mauritius) are as follows:

Name	**Class of shares held**	**Year end**	**Stated Capital** MUR'000	**Proportion of ownership interest 2019 & 2018 Direct**	**Principal activity**
Compagnie de Cheops Ltée	Ordinary shares	December 31,	3,000	100%	Sewage Treatment Plant
Société Reeya & Cie	Share of interest	December 31,	1,000	100%	Cane cultivation

9. INVESTMENTS IN ASSOCIATES

		2019 MUR'000	2018 MUR'000
(a)(i)	THE GROUP		
	Unquoted		
	At January 1,	**223,492**	199,337
	Additions	**6,567**	17,208
	Share of results*	**(157,781)**	29,486
	Share of reserves	**(7,522)**	(13,330)
	Effect of capital reduction	**(12,112)**	(1,803)
	Dividends	**-**	(7,406)
	At December 31,	**52,644**	223,492

* The share of results of associates include an impairment loss of MUR 127.3 million.

		2019 MUR'000	2018 MUR'000
(ii)	THE COMPANY		
	Unquoted		
	At January 1,	**189,518**	174,113
	Additions	**6,567**	17,208
	Impairment loss	**(56,073)**	-
	Effect of capital reduction	**(12,112)**	(1,803)
	At December 31,	**127,900**	189,518

(b) The results of the associated companies stated below have been included in the consolidated financial statements:

(i)

Name	Class of shares held	Year Ended	Nature of business	Proportion of ownership interest 2019 Direct	2019 Indirect	2018 Direct	2018 Indirect
Deep River Beau Champ Milling Co Ltd*	Ordinary shares	June 30	Trade	**-**	**27.85%**	-	27.85%
Consolidated Energy Co Ltd*	"	June 30	Trade	**5.00%**	**16.25%**	5.00%	16.25%
Eastern Energy Co Ltd*	"	June 30	Investment	**32.10%**	**-**	32.10%	-
Usinest Limited*	"	June 30	Investment	**34.81%**	**-**	34.81%	-
Refinest Limited*	"	June 30	Trade	**35.77%**	**-**	35.77%	-
Constance Corporate Management Limited	"	December 31	Corporate Services	**50.00%**	**-**	50.00%	-
La Gaieté Services Ltd	"	December 31	Secretarial Services	**-**	**50.00%**	-	50.00%

All the above companies are incorporated and operated in Mauritius.

* The accounting periods of the above companies are not coterminous and end on June 30. In order to synchronise accounting periods in the current year, management accounts have been used for consolidation. All the above associates are accounted for using the equity method.

9. INVESTMENTS IN ASSOCIATES (continued)

(b)(ii) Summarised financial information in respect of each of the material associates is set out below:

	Current assets MUR'000	Non-Current assets MUR'000	Current liabilities MUR'000	Non-Current liabilities MUR'000	Non-Controlling Interests MUR'000	Revenue MUR'000	(Loss)/ profit for the year MUR'000	Other Compre-hensive Income for the year MUR'000	Dividends received during the year MUR'000
2019									
Usinest Limited	**125,915**	**36,356**	**37,812**	**26,616**	**3,374**	**34,806**	**(198,124)**	**(3,689)**	**-**
Constance Corporate Management Limited	**61,899**	**27,025**	**41,090**	**46,309**	**-**	**68,314**	**242**	**-**	**-**
2018									
Usinest Limited	98,638	35,844	35,385	22,713	35,305	29,729	19,422	(8,843)	-
Constance Corporate Management Limited	55,969	29,646	40,519	36,252	-	70,402	4,259	-	-

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

	Opening net assets MUR'000	Additions MUR'000	Results net of dividends MUR'000	Other Comprehensive Income for the year MUR'000	Closing net assets MUR'000	Ownership interests %	Interest in associates MUR'000
2019							
Usinest Limited	**236,657**	**-**	**(132,482)**	**(2,950)**	**101,225**	**34.81**	**35,236**
Constance Corporate Management Limited	**12,790**	**-**	**366**	**(11,630)**	**1,526**	**50.00**	**763**
							35,999
2018							
Usinest Limited	205,114	-	38,256	(6,713)	236,657	34.81	82,380
Constance Corporate Management Limited	-	18,000	15,710	(20,920)	12,790	50.00	6,395
							88,775

9. INVESTMENTS IN ASSOCIATES (continued)

(d) Aggregate information of other associates

	2019 MUR'000	2018 MUR'000
Carrying amount of interests	**16,645**	134,717
Share of (loss)/profit	**(111,847)**	8,625
Share of other comprehensive income	**(680)**	(7,009)
Share of total comprehensive income	**(112,527)**	1,616

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		THE GROUP					THE COMPANY				
		2019				2018	2019				2018
	Financial assets at fair value through other comprehensive income	Listed Level 1		Unquoted Level 3	Total	Total	Listed Level 1		Unquoted Level 3	Total	Total
		Official Market	DEM				Official Market	DEM			
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a)	At January 1,	**22,257**	**16,157**	**10,555**	**48,969**	49,587	**22,257**	**16,157**	**10,534**	**48,948**	49,566
	Additions	**6,376**	**-**	**-**	**6,376**	-	**6,376**	**-**	**-**	**6,376**	-
	Change in fair value recognised in OCI	**5**	**(1,810)**	**360**	**(1,445)**	(618)	**5**	**(1,810)**	**360**	**(1,445)**	(618)
	At December 31,	**28,638**	**14,347**	**10,915**	**53,900**	48,969	**28,638**	**14,347**	**10,894**	**53,879**	48,948

(b) Financial assets measured at fair value through other comprehensive income include the Group's equity investments not held for trading and debt securities held to collect and sell. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income as more appropriate for its strategic investments as compared to fair value through profit or loss.

(c) The fair value of quoted shares are based on prices listed on the Official Market and DEM respectively. The unquoted shares are valued on the basis of last reference price.

(d) None of the above financial assets are impaired.

11. DEFERRED EXPENDITURE

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Land development expenditure		
At January 1,	**5,424**	5,097
Additions	**13,956**	327
At December 31,	**19,380**	5,424

Land development expenditure relates to cost incurred for the development of land into a saleable condition.

12. DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%). There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Deferred tax assets	**52,276**	58,652

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

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
At January 1,	**58,652**	53,505
Profit or loss (charged)/credited (note 28)	**(6,251)**	7,843
Other comprehensive income	**(125)**	(2,696)
At December 31,	**52,276**	58,652

12. DEFERRED INCOME TAX (continued)

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

Deferred tax assets	THE GROUP AND THE COMPANY				
	Accelerated tax depreciation MUR'000	**Retirement benefit obligations MUR'000**	**Tax losses carried forward MUR'000**	**Provisions and other costs MUR'000**	**Total MUR'000**
At January 1, 2018	8,706	35,294	3,327	6,178	53,505
Credited to profit or loss	3,335	2,763	444	1,301	7,843
Credited to other comprehensive income	-	(2,696)	-	-	(2,696)
At December 31, 2018	**12,041**	**35,361**	**3,771**	**7,479**	**58,652**
(Charged)/credited to profit or loss	(3,272)	788	(3,771)	4	(6,251)
Credited to other comprehensive income	-	(125)	-	-	(125)
At December 31, 2019	**8,769**	**36,024**	**-**	**7,483**	**52,276**

13. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
At January 1,	**13,245**	15,288
Additions	**975**	-
Changes in fair value	**1,477**	(2,043)
At December 31,	**15,697**	13,245

Consumable biological assets consist of Livestock and were made up of some 1,900 deers, 90,000 chicks and 40 cattle.

The fair value measurements have been categorised as level 3 fair vaue based on the inputs to the valuation techniques.

14. INVENTORIES

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
At Cost/Net realisable value		
Spare parts	**586**	573
Fertilizers and herbicides	**5,240**	3,418
Irrigation equipment & others	**1,958**	1,767
	7,784	5,758

The cost of inventories recognised as expense amounted to MUR 38.6 million (2018: MUR 37.9 million).

15. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Trade receivables	**71,168**	44,379	**71,168**	44,379
Less : Provision for impairment	**(3,111)**	(2,804)	**(3,111)**	(2,804)
	68,057	41,575	**68,057**	41,575

(i) *Impairment of trade receivables*

The Company 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 December 31, 2019 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.

At December 31, 2019	**Current MUR'000**	**More than 3 months past due MUR'000**	**More than 6 months past due MUR'000**	**More than 6 months past due MUR'000**	**Total MUR'000**
Expected loss rate	1.10%	19.11%	55.14%	86.91%	4.37%
Gross carrying amount-trade receivable	65,303	3,621	794	1,450	71,168
Loss allowance	(721)	(692)	(438)	(1,260)	(3,111)

At December 31, 2018	**Current MUR'000**	**More than 3 months past due MUR'000**	**More than 6 months past due MUR'000**	**More than 6 months past due MUR'000**	**Total MUR'000**
Expected loss rate	1.09%	13.69%	46.94%	70.76%	6.32%
Gross carrying amount-trade receivable	38,247	2,620	1,915	1,597	44,379
Loss allowance	(416)	(359)	(899)	(1,130)	(2,804)

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

16. OTHER FINANCIAL ASSETS AT AMORTISED COST

		THE GROUP		THE COMPANY	
		2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
(a)	Receivable from group companies:				
	- Subsidiary companies	**-**	-	**2,276**	2,047
	- Associated companies	**895**	870	**895**	870
	Loans and advances	**359**	610	**359**	610
		1,254	1,480	**3,530**	3,527

(b) Impairment and risk exposure

All of the financial assets at amortised cost are denominated in MUR. As a result, there is no exposure to foreign currency risk. No impairment loss was identified on these assets.

17. OTHER ASSETS

		THE GROUP		THE COMPANY	
		2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
(a)	Prepayments	**1,222**	1,221	**1,217**	1,213
	Vat receivables	**66,390**	70,096	**66,390**	70,096
	Other receivables	**18,317**	4,232	**17,077**	2,060
		85,929	75,549	**84,684**	73,369

(b) Other receivables

These amounts generally arise from transactions outside the operating activities of the Company.

18. STATED CAPITAL

		THE GROUP AND THE COMPANY	
		Number of shares	**Ordinary shares**
(a)	**Issued shares**		MUR'000
	At December 31, 2019 and 2018	**4,800,000**	**120,000**

(b) The issued ordinary shares are at par value MUR 25 and are fully paid.

19. BORROWINGS

		THE GROUP		THE COMPANY	
		2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
(a)	**Non-current**				
	Bank loan	**164,200**	205,000	**164,200**	205,000
	Other loans	**823**	823	**823**	823
		165,023	205,823	**165,023**	205,823
	Current				
	Bank overdraft	**38,352**	87,377	**38,352**	87,377
	Bank loan	**155,100**	-	**155,100**	-
	Other loans	**13**	13	**13**	13
		193,465	87,390	**193,465**	87,390
	Total borrowings	**358,488**	293,213	**358,488**	293,213

The bank overdraft and borrowings are secured by fixed and floating charges on the assets of the Group. The rate of interest ranges from 5.60% to 6.25%.

(b) Long term borrowings are analysed as follows:

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Between one year and before two years	**5,333**	103,150
Between two years and before three years	**6,800**	3,350
Between three years and before five years	**13,834**	8,400
Later than five years	**139,056**	90,923
	165,023	205,823

The carrying amount of borrowings are denominated in Mauritian Rupees.

The carrying amount of borrowings are not materially different from the fair values.

20. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Amounts recognised in the statement of financial position:		
Defined pension benefits (note (a)(ii))	**211,909**	208,005
Analysed as follows:		
Non-current liabilities	**211,909**	208,005
Amounts charged to profit or loss:		
- Defined pension benefits (note (a)(v))	**16,091**	17,784
Amount charged to other comprehensive income:		
- Defined pension benefits (note (a)(vi))	**(734)**	(31,978)

(a) **Defined pension benefits**

(i) The Group contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of guaranteed level of pension for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of the fund are held independently and administered by the Sugar Industry Pension Fund under The Sugar Industry Pension Fund Act No 42 of 1955, as subsequently amended.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2019 by AON Hewitt. 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.

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

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Present value of funded obligations	**231,113**	232,523
Fair value of plan assets	**(122,921)**	(127,562)
Deficit of funded plans	**108,192**	104,961
Present value of unfunded obligations	**103,717**	103,044
Total deficit of defined benefit pension plans	**211,909**	208,005
Liability in the statement of financial position	**211,909**	208,005

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
At January 1,	**208,005**	235,294
Charged to profit or loss	**16,091**	17,784
Charged to other comprehensive income	**(734)**	(31,978)
Contributions paid	**(11,453)**	(13,095)
At December 31,	**211,909**	208,005

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

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
At January 1,	**335,567**	372,034
Current service cost	**4,769**	5,189
Interest expense	**18,146**	19,825
Employee contributions	**335**	428
Liability experience gain	**(669)**	(39,894)
Liability loss due to change in financial assumptions	**52**	2,620
Benefits paid	**(23,370)**	(24,635)
At December 31,	**334,830**	335,567

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

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
At January 1,	**127,562**	136,740
Return on plan assets, excluding amounts included in		
Interest expense	**117**	(5,296)
Interest income	**6,824**	7,230
Employee contributions	**335**	428
Contributions by the employer	**5,423**	6,073
Benefits paid	**(17,340)**	(17,613)
At December 31,	**122,921**	127,562

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Current service cost	**4,769**	5,189
Net interest expense	**11,322**	12,595
Total included in employee benefit expense	**16,091**	17,784

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

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Liability experience gain	**(669)**	(39,894)
Liability loss due to change in financial assumptions	**52**	2,620
Actuarial losses	**(617)**	(37,274)
Return on plan assets excluding interest income	**(117)**	5,296
	(734)	(31,978)

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

	THE GROUP AND THE COMPANY	
	2019	2018
	%	%
Local equities	**27**	29
Overseas equities	**20**	25
Overseas debt	**5**	10
Local debt	**18**	13
Local proportion	**30**	23
	100	100

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets.

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP AND THE COMPANY	
	2019	2018
	%	%
Discount rate	**4.6**	5.6
Expected return on plan assets	**4.6**	5.6
Future medical plan increases	**4.6**	5.6
Future salary growth rate	**3.1**	4.1
Future pension growth rate	**1.0**	1.0

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

	Increase	**Decrease**
	MUR'000	**MUR'000**
December 31, 2019		
Discount rate (1% movement)	**24,301**	**20,342**

An increase/decrease of 1% in other principal actuarial assumptions would not have material impact on defined benefit obligations at the end of reporting period.

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 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 occuring at the end of the reporting period.

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

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendments, curtailment or settlement during the year.

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

(xii) The Group expects to pay MUR 5.6 million in contributions to its post-employment benefit plans for the year ending December 31, 2020.

(xiii) The weighted average duration of the defined benefit obligation is 10 years at the end of the reporting period (2018: 11 years).

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Trade payables	**8,794**	8,192	**8,794**	8,192
Payable to group companies:				
- Associated companies	**6,505**	17,209	**6,505**	17,209
Other payables	**132,947**	38,449	**132,782**	38,449
Provision VRS costs (note (a))	**25,190**	25,479	**25,190**	25,479
SIFB premium	**3,581**	3,675	**3,581**	3,675
	177,017	93,004	**176,852**	93,004

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

(a) Provision for VRS costs consist mainly of estimates in respect of infrastructural and other eligible costs to be incurred towards implementing the provisions of the VRS II.

22. REVENUE

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Sugar	**91,751**	85,967
Molasses/Distillers & Bottlers contribution	**16,925**	14,247
Bagasse/Sugar Cane Sustainability Fund	**9,031**	12,813
	117,707	113,027

23. OTHER OPERATING REVENUE

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Transport	**6,441**	6,295	**6,441**	6,295
Sale of livestock	**62,095**	62,400	**62,095**	62,400
Rent/leased land	**29,848**	10,529	**29,848**	10,529
Others	**14,475**	13,843	**13,558**	13,020
	112,859	93,067	**111,942**	92,244

24. COMPENSATION FROM THE SUGAR INSURANCE FUND BOARD (SIFB)

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Compensation from the SIFB	**28,923**	13,168

25. OPERATING LOSS

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Included in operating expenses:				
Wages and salaries	**107,064**	111,918	**107,064**	111,918
Cost of inventories	**38,593**	37,882	**38,593**	37,882
Payment to contractors	**26,936**	24,210	**26,936**	24,210
Depreciation and amortisation	**15,914**	11,854	**15,914**	11,824
Impairment loss on bearer plants	**4,508**	4,902	**4,508**	4,902
Administrative expenses	**9,483**	9,650	**9,483**	9,650
SIFB Premium	**3,611**	3,747	**3,611**	3,747

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Profit on sale of property, plant and equipment	**324**	455	**324**	455
Profit on sale of land	**46,602**	27,508	**46,602**	27,508
Dividend income - Listed	**998**	1,249	**998**	1,249
- Associates	**-**	-	**-**	7,406
Interest income	**10,068**	6,415	**10,068**	6,415
Share of loss from Société	**-**	-	**(139)**	(74)
	57,992	35,627	**57,853**	42,959

27. FINANCE COSTS

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Interest expense		
- bank loans and overdrafts	**15,051**	8,566
- others	**165**	332
	15,216	8,898

28. TAXATION

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Deferred income taxes (note 12)	**6,251**	(7,843)

28. TAXATION (continued)

The tax on the Group's and the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Loss before taxation	**(159,396)**	(30,155)	**(56,412)**	(52,351)
Adjust for: Share of results of associates	**157,781**	(29,486)	**-**	-
	(1,615)	(59,641)	**(56,412)**	(52,351)
Tax calculated at a rate of 15% (2018: 15%)	**(242)**	(8,946)	**(8,462)**	(7,853)
Income not subject to tax	**(9,121)**	(4,970)	**(10,337)**	(6,268)
Expenses not deductible for tax purposes	**932**	1,666	**10,588**	1,666
Deferred tax rate differential on corporate social responsibility tax	**(1,092)**	(4,846)	**30**	(5,108)
Unrelieved tax losses	**9,194**	2,673	**9,194**	2,673
Tax losses for which no deferred tax asset was recognised	**7,030**	11,448	**6,813**	11,388
Other adjustments	**(450)**	(4,868)	**(1,575)**	(4,341)
	6,251	(7,843)	**6,251**	(7,843)

29. LOSS PER SHARE

		THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
Loss for the year	MUR'000	**(165,647)**	(22,312)	**(62,663)**	(44,508)
Number of ordinary shares in issue		**4,800,000**	4,800,000	**4,800,000**	4,800,000
Loss per share (MUR)	MUR	**(34.51)**	(4.65)	**(13.05)**	(9.27)

30. OTHER RESERVES

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Surplus on revaluation of land and buildings	**147,063**	148,072
Reserve for modernisation and agricultural diversification	**12,520**	12,520
	159,583	160,592

31. NOTES TO THE STATEMENTS OF CASH FLOW

		THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		MUR'000	MUR'000	**MUR'000**	MUR'000
(a)	**Cash generated from operations**				
	Loss before taxation	**(159,396)**	(30,155)	**(56,412)**	(52,351)
	Adjustments:				
	Retirement benefit obligations	**16,091**	17,784	**16,091**	17,784
	Depreciation and amortisation	**15,914**	11,853	**15,914**	11,823
	Impairment losses on bearer plants	**4,508**	4,902	**4,508**	4,902
	Impairment loss on associates	**-**	-	**56,073**	-
	Profit on sales of property, plant and equipment	**(324)**	(455)	**(324)**	(455)
	Profit on sales of land	**(46,602)**	(27,508)	**(46,602)**	(27,508)
	Dividend income	**(998)**	(1,249)	**(998)**	(1,249)
	Interest income	**(10,068)**	(6,415)	**(10,068)**	(6,415)
	Interest expense	**15,216**	8,898	**15,216**	8,898
	Associated companies				
	- Share of loss/(profit)	**157,781**	(29,486)	**-**	-
	- Dividend income	**-**	-	**-**	(7,406)
	Changes in working capital				
	- consumable biological assets	**(2,452)**	2,043	**(2,452)**	2,043
	- trade receivables	**(37,884)**	21,425	**(38,057)**	20,978
	- inventories	**(2,026)**	669	**(2,026)**	669
	- trade and other payables	**85,289**	1,571	**84,135**	2,236
	Cash generated/(used in) from operations	**35,049**	(26,123)	**34,998**	(26,051)

(b) **Cash and cash equivalents**

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cash in hand and at bank	**1,630**	275	**1,561**	259
Bank overdrafts	**(38,352)**	(87,377)	**(38,352)**	(87,377)
Cash and cash equivalents	**(36,722)**	(87,102)	**(36,791)**	(87,118)

32. CONTINGENT LIABILITIES

At December 31, 2019 and December 31, 2018, the Group had no contigent liability in respect of bank and other guarantees.

The quantum of land to be granted to the Empowerment Program for social and infrastructural projects under the 2,000 Arpents scheme is 53.76A (2018: 53.76A).

33. CAPITAL COMMITMENTS

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

	THE GROUP AND THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Capital expenditure authorised but not yet contracted	**-**	64,279

34. EVENTS AFTER THE REPORTING PERIOD

The year 2020 began with the outbreak of the COVID-19 which evolved into a global pandemic situation. This led to the adoption of a country-wide lockdown as of 20 March 2020. During that period, the company's activities came to a quasi-halt and the medium to long term impact remain to be assessed.

The core activity of the company, sugar cane growing, has been affected by the lockdown situation. The Board is of the opinion that there may be repercussions on revenue related to sugar price applicable on the aftermath of Covid-19. Furthermore, the delays encountered in the execution of works for Morcellement Boulet Rouge III will have a bearing on the results and cash flow of the company in 2020.

35. RELATED PARTY TRANSACTIONS - THE GROUP

THE GROUP	**Sale of goods or services**		**Purchase of goods or services**		**Finance income/ (Finance cost)**		**Management fees**		**Amount receivable/ (payable)**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000	**MUR'000**	MUR'000	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Associates	**57**	113	**34**	50	**-**	6,363	**16,676**	15,799	**(5,610)**	(16,339)
Enterprises that have common shareholders	**13,339**	2,607	**16,287**	10,786	**-**	(98)	**-**	-	**13,217**	572
Directors and key management personnel	**1,391**	1,333	**-**	-	**-**	-	**-**	-	**839**	347

35. RELATED PARTY TRANSACTIONS - THE COMPANY (continued)

THE COMPANY	Sale of goods or services		Purchase of goods or services		Finance income/ (Finance cost)		Management fees		Amount receivable/ (payable)	
	2019 MUR'000	2018 MUR'000	2019 MUR'000	2018 MUR'000	2019 MUR'000	2018 MUR'000	2019 MUR'000	2018 MUR'000	2019 MUR'000	2018 MUR'000
Subsidiaries	**115**	101	**-**	-	**-**	-	**-**	-	**2,276**	2,047
Associates	**57**	113	**-**	-	**-**	6,363	**16,676**	15,799	**(5,610)**	(16,339)
Enterprises that have common shareholders	**13,339**	2,607	**16,287**	10,786	**-**	(98)	**-**	-	**13,217**	572
Directors and key management personnel	**1,391**	1,333	**-**	-	**-**	-	**-**	-	**839**	347

(a) Related party transactions have been made in the normal course of business under normal terms and conditions.

(b) The oustanding balances at year end are unsecured, interest free and settlement occurs in cash.

(c) There has been no guarantees provided or received for any related party receivables and payables.

(d) For the year ended 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil).

Key management personnel compensation

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Salaries and short-term employee benefits	**11,385**	9,499
Post-employment benefits	**517**	467
	11,902	9,966

36. SEGMENTAL INFORMATION

Operating segments are reported based on strategic business units that offer different products.

THE GROUP

	Business segments	Agricultural products and related activities MUR'000	Livestock and aquaculture MUR'000	Other activities MUR'000	Total MUR'000
(a)	**Year ended December 31, 2019**				
	Revenue	162,637	63,147	33,705	259,489
	Operating segment results	(53,154)	23,109	(14,346)	(44,391)
	Other income	-	-	57,992	57,992
	Segment results	(53,154)	23,109	43,646	13,601
	Finance cost				(15,216)
	Loss on ordinary activities				(1,615)
	Share of results of associates				(157,781)
	Loss before taxation				(159,396)
	Taxation				(6,251)
	Loss for the year				(165,647)

	Agricultural products and related activities MUR'000	Livestock and Aquaculture MUR'000	Other Activities MUR'000	Unallocated MUR'000	Total MUR'000
At December 31, 2019					
Assets					
Segment assets	439,116	28,658	312,789	-	780,563
Unallocated assets	-	-	-	180,062	180,062
					960,625
Liabilities					
Segment liabilities	419,953	1,776	193,487	-	615,216
Unallocated liabilities	-	-	-	132,198	132,198
					747,414
Other information					
Capital expenditure	17,646	137	99,068	-	116,851
Depreciation and amortisation	6,109	1,107	8,698	-	15,914

36. SEGMENTAL INFORMATION (continued)

Operating segments are reported based on strategic business units that offer different products.

THE GROUP

	Business segments	Agricultural products and related activities MUR'000	Livestock and aquaculture MUR'000	Other activities MUR'000	Total MUR'000
(a)	Year ended December 31, 2018				
	Revenue	142,515	63,650	13,097	219,262
	Operating segment results	(76,830)	18,621	(28,161)	(86,370)
	Other income	-	-	35,627	35,627
	Segment results	(76,830)	18,621	7,466	(50,743)
	Finance cost				(8,898)
	Loss on ordinary activities				(59,641)
	Share of results of associates				29,486
	Loss before taxation				(30,155)
	Taxation				7,843
	Loss for the year				(22,312)

	Agricultural products and related activities MUR'000	Livestock and Aquaculture MUR'000	Other Activities MUR'000	Unallocated MUR'000	Total MUR'000
At December 31, 2018					
Assets					
Segment assets	407,302	27,260	209,794	-	644,356
Unallocated assets	-	-	-	337,082	337,082
					981,438
Liabilities					
Segment liabilities	419,259	1,674	81,397	-	502,330
Unallocated liabilities	-	-	-	91,892	91,892
					594,222
Other information					
Capital expenditure	21,848	70	106,287	-	128,205
Depreciation and amortisation	7,350	1,079	3,425	-	11,854

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