ANNUAL REPORT

2020

INNODIS

GOOD *today...* BETTER *tomorrow...*

We are reaching higher for our customers, nurturing the relationships with our partners, supporting the environment and engaging with our communities… not just for good, but for better lives.

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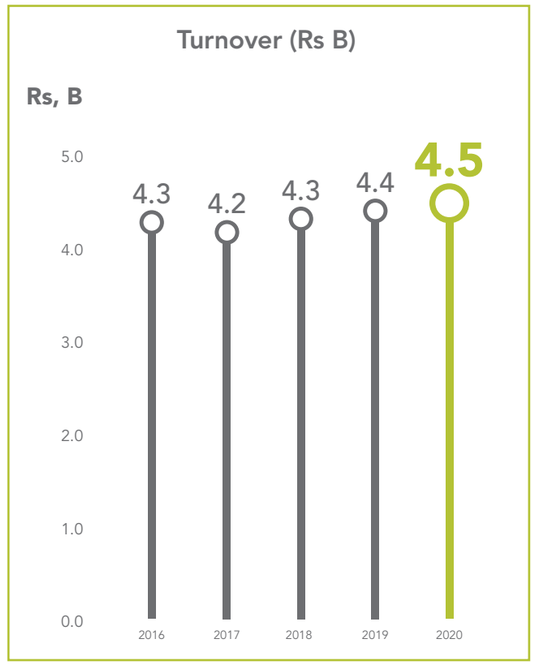
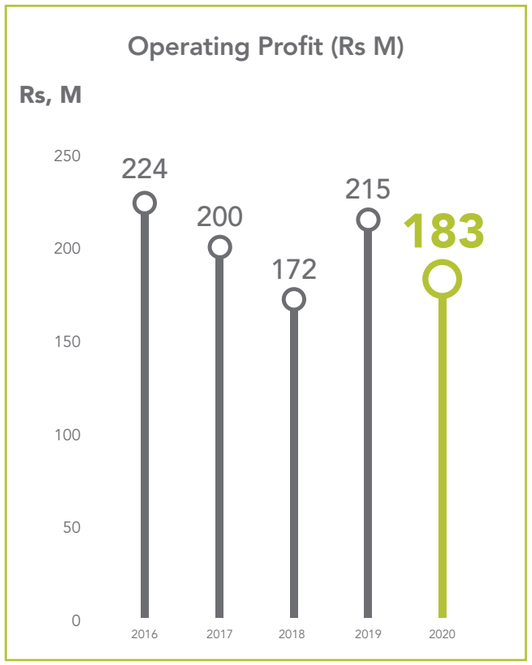
GOOD with communities

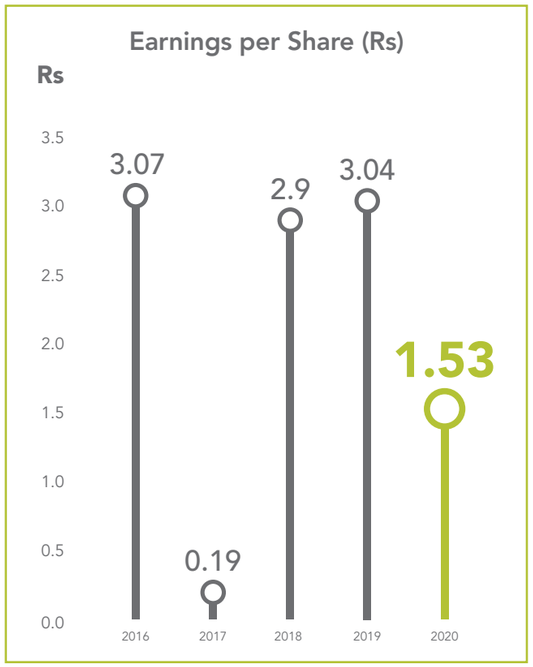
During the Covid-19 lockdown period, we distributed our products to NGOs via Foodwise, enabling them to prepare close to 8,000 meals for people in need, thereby bringing them not just food, but also hope and comfort during these challenging times.

Good Today.
Better Tomorrow.

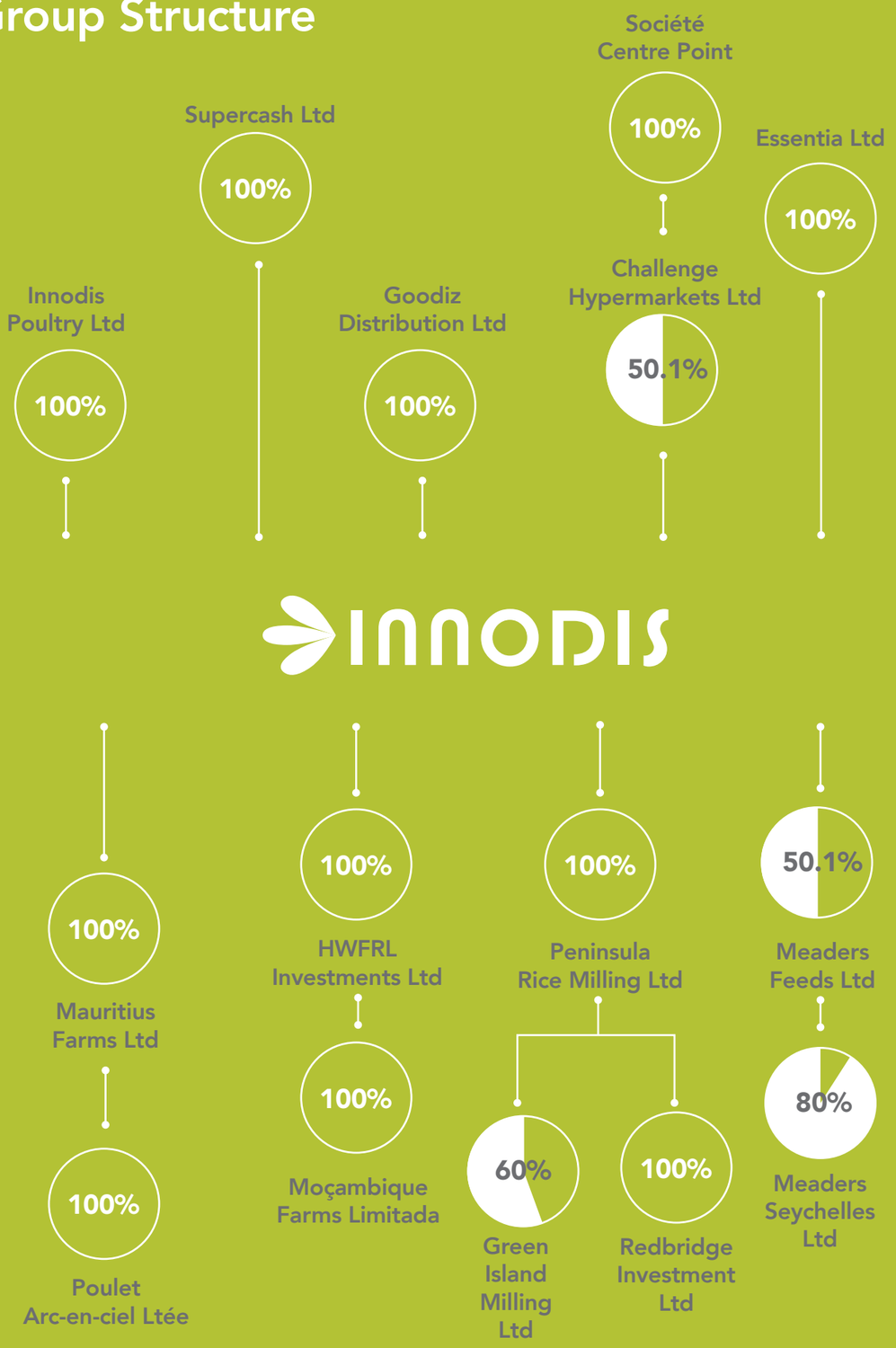
Financial Highlights







Group Structure



Overview of Activities

Agro-Industry

- Innodis Poultry Ltd
- Meaders Feeds Ltd
- Moçambique Farms Limitada
- Poulet Arc-En-Ciel Ltée

Imports and Distribution

- Warehousing & Distribution
- Chilled Foods
- Non-Food
- Dry Goods
- Frozen Foods

Manufacturing

- Ice Cream
- Yoghurt
- Rice Milling
- Milk Drinks

Retail channels

- Saveurs Plus
- Supercash
- Farmshop
- T-Chef

INNODIS

GOOD *initiatives*

Innovation is part of everything we are and do. During the lockdown period, we wanted our customers to continue enjoying our products, so within a few short weeks, we launched three new online shopping platforms. Good… and quick!

Good Today.
Better Tomorrow.

Victor Seeyave
Chairperson

Jean-Pierre Lim Kong
Chief Executive Officer

Chairman and CEO'S Report

'Eventful' sounds like an understatement when it comes to describing 2020. It is a year that will remain etched in the memory of Mauritians for a very long time. Within months, our country has been rocked by two unthinkable events, COVID-19 and the MV Wakashio oil spill. While the latter has given rise to an outcry amongst an ecologically conscious population, COVID-19 was by far the more disruptive event – perhaps the most damaging to the economy that our country and the world have known for a long time.

Chairman and CEO'S Report (Continued)

The pandemic gained rapid momentum since the first cases were detected in China. It swept across the planet and brought the world economy to its knees, as governments across the globe adopted stringent lockdown measures. Although the death toll in Mauritius is relatively low compared to other countries, our small country nonetheless suffered the consequences of the closure of our borders and the island-wide confinement. Key sectors were paralysed, the most notable one being the hotel industry. Restaurants, catering, travel and leisure businesses were all severely hit as well, and some are now operating at a reduced capacity, while others have closed down.

In the midst of this unprecedented storm, Innodis has been amongst the less affected groups, being classified as an essential service provider during the lockdown period and therefore being encouraged to continue to operate. We must salute our employees for their courage and sense of duty, allowing us to maintain a regular food supply to the population. In this regard, our COVID-19 preparedness plan, devised earlier in the year, was instrumental in the swiftness of our response during the lockdown. The implementation of strict sanitary measures - a core element of our plan - ensured the safety of our people at work. We also invited the local health authorities to conduct testing for our 'front-liners' and thereafter our staff at large, and all the results were negative. The lockdown period brought about a heightened realisation of our crucial role in the Mauritian society.

Moreover, in view of the access restrictions to supermarkets and the invitation of the local authorities to actors in the food industry to offer delivery services during confinement, we also came forward with several e-commerce home delivery platforms to enable Mauritians to buy their food online without having to leave their homes.

All in all, the fact that we have been able to maintain our operations has mitigated to some extent the loss of sales due to the blow to the hotel and catering sector and the disruptions in retail trade. In fact, for the year ended 30 June 2020, we managed to achieve a minor increase in Group revenue from Rs 4,411 million to Rs 4,495 million. However, Group profit after tax fell by 48.6% to Rs 65.7 million (2019: Rs 135.2 million) due to the impact of COVID-19 and other reasons that we will touch upon further in this report. Our EPS for the year decreased to Rs 1.53 (2019: Rs 3.04). A dividend of Rs 1.15 per share was declared (2019: Rs 1.85 per share) while NAV per share closed at Rs 50.60.

MANAGEMENT AND BOARD OF DIRECTORS

There has been no change in the composition of the board during the FY2019/20. However, in view of the new definition of an "independent director" in the Companies Act 2001, two of our three current independent directors will no longer qualify as such, having served on our Board for more than 9 years.

While we are fully confident that these two directors are no doubt able to exercise independence of mind in the fulfilment of their duties as directors in spite of their long length of service, the Corporate Governance Committee will recommend the appointment of at least one new independent director as from the 1st January 2021, in compliance with the law.

Performance by cluster

Agro-industry

Innodis Poultry Ltd

Our poultry team demonstrated its commitment and resilience during the sanitary crisis. We did not lose any birds and we continued to supply the market without interruption. With the closing of several market segments, a contraction in demand was experienced, and we had no choice but to reduce production, which has resulted in some impairment in biological assets of Innodis Poultry Ltd during the second half of the financial year.

Pending the re-adjustment of industry-wide production levels, we will inevitably be carrying more stock surpluses than usual. We will manage this situation with careful production planning and increased sales initiatives.

As mentioned in our introduction, COVID-19 also presented us with new opportunities. We set up an online sales service during lockdown to enable Mauritians to order their chicken online and be delivered on their doorsteps in a contactless manner. Moreover, the opening of our Farmshop at Beau Climat in August 2019 was also very successful in creating a closer relationship with our neighbourhood and facilitating access to our products. We are also pleased to report that our vegetable and fruit production project secured the MAURIGAP certification in December 2019 in line with our strategy of providing safer and healthier foods to the population.

Our project of organic waste sorting and composting for the village of La Flora has come to fruition with the participation of local residents and the contribution of the Savanne District Council. Innodis Poultry provided two waste bins to each household in the village and trained the villagers regarding the sorting of organic waste, which is regularly collected by the District Council and transferred to a composting station on our site at Beau Climat. This is the first prime example of a community partnership in waste management in Mauritius. The compost obtained will be marketed to the villagers at a special price to encourage sustainable farming and the adoption of the circular economy model.

As announced last year, the commissioning of a new quarantine farm for our day-old parent stock in Mare d'Albert, the scheduled upgrading of our processing plant and refrigeration facilities at Beau Climat and the uplifting of our farm equipment are all in progress. However, the pandemic has delayed the implementation of some of our other planned projects.

MV Wakashio oil spill

On a different note, we are proud that many of our employees volunteered - through their own initiatives - to assist NGOs during the MV Wakashio oil spill by creating floating booms containing dry sugar cane leaves and chicken feathers, known for their oil absorbent properties. Other materials required for the booms were provided by the company. The latter also offered protective boots to NGOs to support the clean-up efforts in the South-East.

Poulet Arc-en-Ciel Ltée

Poulet Arc-en-Ciel Ltée, our other fully owned local poultry subsidiary, has been facing strong competition from other operators in the unbranded poultry sector, and this has weighed on its profitability. However, the company managed to post a minor increase in turnover.

Our sales operations were maintained during the lockdown, thanks to a proactive approach and proximity with our customers. Poulet Arc-en-Ciel also offered its own complementary online sales and home delivery service. The online channel was much appreciated during confinement, when supply was constrained and some of the usual poultry distribution channels such as meat shops and 'bazars' were not operating normally.

In the year ahead, our focus will be on the broadening of our product range and being more aggressive in our sales and marketing efforts to capture further market shares in the unbranded poultry sector.

Moçambique Farms Limitada

We are pleased to report that our efforts to maintain the turnaround in our poultry operations in Mozambique have been fruitful. In spite of the challenging sanitary and economic context, Moçambique Farms Limitada achieved a positive bottom line in the financial year ended 30 June 2020, after several years of inconsistent performance due to external factors. The business is now yielding consistently good operational and financial KPIs.

Moreover, it appears that the agricultural policy in Mozambique now clearly focuses on local production and we are poised to seize expansion opportunities in that market if the situation warrants it.

Meaders Feeds Ltd

Meaders Feeds Ltd posted a lower profit for the year due to the settlement of claims made by some clients in the early part of the financial year. We are confident that such claims will not recur as Management has put more focus recently on the upgrading of production facilities and on reinforcing the quality control measures in place.

Last year, the company initiated a number of projects to uplift its factory equipment and enhance its operational processes. Most of these projects were completed during the financial year as scheduled. The construction of our new bulk storage facilities suffered some delays due to the pandemic, but these have since then been commissioned.

In Seychelles, our subsidiary has downsized its operations in response to the increasingly difficult trading conditions experienced in that market over the last two years. However, we are still servicing our main clients in that market from Mauritius.

Manufacturing

The Dairy Division

The growth impetus of our dairy production unit over the last two years has unfortunately been curbed since March 2020 with the announcement of the lockdown. As a result, our overall turnover contracted by around 5% compared to last year. This was due to a combination of factors, namely production constraints and subdued demand, particularly for our ice cream products, during lockdown. Since the end of the lockdown period, we are however operating at near pre-pandemic capacity.

In keeping with past years, we have launched a number of new products during the financial year, including a new Caramel Beurre Salé Dairymaid™ ice cream 2L tub, a 0% fat plain Dairyvale™ Greek yoghurt, and two new low-fat Greek yoghurt flavours. We are now well established in the Greek yoghurt segment.

In August 2020, we launched an innovative probiotic fermented drinking milk, Bewell™ Kefir (under the Dairyvale™ umbrella brand), which contains a greater variety of strains of good bacteria. Kefir has forged itself a strong reputation in many countries as being highly beneficial to the digestive system and immunity boosting. Since the launch, we have been encouraged by the positive market response that this new product has been receiving, and we look forward to more and more Mauritians becoming acquainted with Kefir, as we maintain our efforts to bring healthier products to the market.

Moreover, our dairy plant has been certified to the ISO 14001:2015 Environmental Management System standard in August 2020, complementing our ISO 22000 and HACCP Food Safety Management standards already in place for six years.

"In view of the access restrictions to supermarkets and the invitation of the local authorities to actors in the food industry to offer delivery services during confinement, we also came forward with several e-commerce home delivery platforms to enable Mauritians to buy their food online without having to leave their homes."

Chairman and CEO'S Report (Continued)

We are confident that there are better days ahead for our Dairy division, notwithstanding the prolonged economic slow-down. With the increase in production capacity of our yoghurt line and further range extensions in the pipeline, we expect to make more inroads in the market and stay one step ahead of the competition with our innovative products.

Peninsula Rice Milling Co. Ltd

Peninsula Rice Milling Co. Ltd achieved a satisfactory growth in turnover against last year. Sales were maintained throughout the lockdown period despite operational constraints. However, our margins have been significantly eroded compared to last year due to market conditions and fierce competition in this sector. The situation has worsened further since the introduction of price control on rice by the authorities in June 2020. In fact, it will be difficult to recoup our local manufacturing overheads with the mark-up fixed by the authorities, which calls into question the long-term sustainability of our rice milling business.

To restore the price competitiveness of our products, we have started to supplement our production with some imports of pre-packed basmati rice. In the future, we may be left with no other alternative but to discontinue our local milling activities altogether and focus instead on importing pre-packed rice.

Imports And Distribution

The Commercial Division

The commercial environment during the FY2019/20 was exceptionally challenging with acute competition and the fallouts of the lockdown. The traditional trade and 'bazar' outlets remained closed for almost 2 months. Our clients operating in the food service sector (hotels, restaurants and caterers) have seen a drastic fall in their businesses following the closure of our borders and local social distancing measures. Moreover, our imports were partly affected by shipment constraints, port congestion and unavailability of containers in some countries.

In spite of these challenges, we are pleased to report that the turnover of Innodis Ltd grew by 2% over last year. Thanks to an engaged and dedicated workforce, our commercial team remained largely operational during the lockdown period, enabling us to guarantee a continuous supply to all modern trade outlets. As mentioned earlier, our sales and marketing team also launched an e-commerce home delivery website, which received positive feedback and a good client response. However, as expected, the rate of sales through this channel has been less significant after the lockdown period as the majority of online clients reverted to their usual points of purchase.

Although we managed to increase sales marginally in FY2019/20, our profitability has declined due to a combination of factors. Consumers now favour more affordable products which fetch lower margins, and have cut down on non-essential items. We believe that this has been in response to a drop in their disposable income and a general sense of uncertainty about the future. We have also been affected by the introduction of price control on an extended range of products by the authorities during the lockdown period. Fortunately, this measure has since been reversed for the majority of the products concerned, following representations made by commercial operators.

Moreover, the cost of doing business has generally increased. New employment and pension laws have inflated our wage bill. Additionally, some of our suppliers have increased their prices in view of the rising costs and production constraints at their end. Freight costs have also risen significantly, while our local currency has weakened against the US dollar and most other internationally traded currencies.

Some segments of our business have been more affected than others. With the extended closure of hotels and a slow-down of the food and catering service sector, sales of poultry meat have declined on a national level, and our stock of frozen chicken has been building up over the last few months. This has had a number of adverse effects, including intense price competition with heavy discounting to increase sales, significantly higher stock holding costs, and lower efficiencies in logistics and distribution. As set out earlier in our report, the financial impact of this situation has been exacerbated by the fact that poultry placements had to be reduced, leading to diseconomies of scale and rising unit cost of production.

On a more positive note, we are pleased to report that the breadth and strength of our product range has served us well and helped to mitigate the setbacks experienced in our agri-business. Our sales have increased for non-poultry frozen products, notably red meat, seafood, frozen fruits and vegetables. We have also achieved a respectable 4% growth in turnover of our consumer goods portfolio, fuelled by increases in the sales of milk, tea and canned foods.

During the FY2019/20, we rolled out our Belmio™ espresso coffee brand and launched chilled imported beef and lamb from Australia and New Zealand. We also introduced chilled beef from South Africa and a premium TEYS Black Angus beef product during the first quarter of the new financial year. TEYS is one of the oldest and largest beef producers in Australia.

In response to the unprecedented challenges facing the business, our team has intensified its efforts to improve core business processes and gain efficiencies, albeit in an increasingly competitive environment. In this respect, we are encouraged by the operational savings made during the year through improved fleet utilisation, headcount containment and improvements in staff utilisation.

Finally, we have sustained our commitment to reducing food wastage on the island through our continued association with Foodwise, a non-profit organisation, that collects and redistributes food from supermarkets, hotels and distributors to over 45 NGOs. Last year, Innodis contributed over 25,000 meals to Foodwise.

Supercash Ltd

We are pleased to report that Supercash has again managed to report a double-digit growth in turnover this year. We have consolidated our presence in Rodrigues with our current two stores and our investment in a frozen vehicle to distribute our products across the island. Over the years, Supercash has cemented a strong business relationship with its suppliers, many of them now investing in our outlets in terms of visibility and promotional activities.

On a less positive note, we have taken the decision to close our Supercash outlet at Kinoo Square, given that sales performance of this outlet has remained below expectations after three years of operation - a situation which was compounded by COVID-19.

Chairman and CEO'S Report (Continued)

Saveurs Plus and T'Chef

Saveurs Plus™, our new uplifted franchise network launched in August 2019, comprised 10 outlets at the end of the financial year. We are planning to increase this number threefold by end of June 2021.

During the FY2019/20, we opened T'Chef corners at Jumbo Phoenix hypermarket and Simla Tombeau Bay supermarket. T'Chef outlets are Innodis-managed chilled supermarket corners selling chilled chicken and value-added chicken products. The response has been positive and we look forward to developing this new model in other supermarkets during the next financial year.

STAFF ENGAGEMENT AND WELFARE

The safety and welfare of our employees has remained a key area of focus this year – even more so since the beginning of the pandemic. With a view to ensuring safety within work premises, more than 1,000 rapid antigen tests were carried out for all our employees across business units in collaboration with the Ministry of Health & Wellness during the month May to June 2020. All the tests turned out to be negative.

We also organised several activities during the year, including:

- "Anou Kass Paké" - Indoor and outdoor games were organised for all group employees during the months of September to November 2019;
- "Nou produit, nou fierté" - an event held at our Dairy plant in March 2020, where Managers served a healthy breakfast made up of a selection of our products to all employees;
- "MI 100" - a group-wide training initiative which mobilised 100 team members to encourage them to live the core values of the business and to motivate them to become change champions. One of the positive outcomes of this initiative was the renovation of common areas and offices at various sites to enhance the working environment of employees at large.

An eye screening test was also made available to all employees in the months of August and September 2020.

OUTLOOK

The lockdown measures arising from COVID-19 have no doubt affected thousands of lives, causing many to become jobless overnight and dependent on government grants, while many others are currently struggling to make ends meet. Overall, the purchasing power of consumers has taken a big hit, following job losses and salary cuts. Moreover, the high cost of freight and the depreciation of our currency are expected to continue to put inflationary pressures on retail prices, foreshadowing difficult times to come.

At the time of writing of this report, our borders are closed, but based on the experience of other similar holiday island destinations, the re-opening of our country to foreigners most likely would not result in an immediate mass return of tourists. What more, the MV Wakashio ecological disaster has put Mauritius on the world map for the wrong reasons - possibly a further deterrence factor for tourists.

In short, we expect that the year ahead will prove to be another challenging one for all, including for the food and distribution sector. More than ever, we will need to be resilient and work on consolidating our existing operations and capitalising on the opportunities that arise during such times. One of those is the growing demand for healthy foods, the sanitary crisis having made a compelling case to take greater care of our health. The introduction of our BeWell™ Kefir and our growing range of locally grown fresh vegetables as well as imported frozen vegetables (several of which are organic), epitomises our strategic alignment on this trend towards affordable, healthy food items. Our efforts in the coming year will be geared towards providing just that – wholesome foods at reasonable prices. We will also be putting more focus into expanding our client base, growing our retail footprint with further Saveurs Plus™, T'Chef™ and Farmshop™ outlets, and developing new channels of sales and distribution.

On an ending note, we would like to salute our staff once more for their commitment and dedication during the confinement. Many of our support staff have done an excellent job working from home, while many others have answered our call to be physically present at work - on our various production sites, at Supercash, and in our logistics and distribution operations. We are much indebted to them during these difficult times. Finally, we also thank all the members of the Board for their advice and support, even during the lockdown, and all our shareholders for your continued trust in us.

The financial year 2020/21 will certainly present more challenges, but if we all join in the effort to rebuild our nation, with the same energy and sense of urgency witnessed during the oil spill, we are confident that this will pave the way for a faster recovery of our economy and better days for all Mauritians.

Directors' Report

The Directors are pleased to present the annual report together with the audited financial statements of Innodis Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2020. The annual report is published in full on the organisation's website at www.innodisgroup.com. The financial statements of the Group and the Company are set out on pages 48 to 134. The auditors' report on these consolidated and separate financial statements is on pages 44 and 47.

Review of business

The principal activities of the Group comprise the production of poultry and dairy products, animal feeds manufacturing, rice milling and the distribution and marketing of food and grocery products.

Innodis Ltd aspires to be a leader or close contender in all the markets in which it operates. Factors that influence the external environment include the level of competition in each market, including the emergence of new players, the growing power of retail outlets, the evolving requirements of consumers, fluctuations in the world prices of petrol and commodities, among others. The Group tackles these challenges by having a diversified offering, by being more and more innovative and efficient, and by pro-actively addressing the needs and aspirations of consumers, in terms of quality, cost, health and environmental-friendliness.

An overview of the growth opportunities being contemplated by the Group - as well as any risks involved - are covered in the Chairman's and CEO's report. Moreover, the Group has already embarked on a strategic integrated approach to create value, which takes into account energy savings and its environmental impact.

Segment information is disclosed in Note 6 to the consolidated and separate financial statements.

Results

For the year under review, the Group and the Company recorded a turnover of Rs 4.49 billion (2019 – Rs 4.41 billion) and Rs 2.67 billion (2019 – Rs 2.60 billion) respectively, whilst profit after tax attributable to shareholders for the Group and the Company amounted to Rs 56 million (2019 – Rs 112 million) and Rs 51 million (2019 loss – Rs 114 million) respectively.

Dividends

Total dividends declared by the Company for the year ended 30 June 2020 were Rs 42 million (2019 – Rs 68 million).

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

(i) leading and controlling the organisation and meeting all legal and regulatory requirements;

(ii) adequate accounting records and the maintenance of effective internal control systems;

(iii) the preparation of consolidated and separate financial statements which present a fair, balanced and understandable assessment of the Company's financial, environmental, social and governance position, performance and outlook in its annual report and on its website as at the end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS), the Financial Reporting Act and the Mauritius Companies Act 2001;

(iv) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates;

(v) the Company's adherence to the New Code of Corporate Governance (2016);

(vi) the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives, and for ensuring that the Company develops and executes a comprehensive and robust system of risk management; and

(vii) ensuring that an appropriate dialogue takes place among the Company, its shareholders and other key stakeholders.

The Directors further report that:

(i) the Company is a public interest entity as defined by law;

(ii) the Company is headed by an effective Board, and responsibilities and accountabilities within the Company (including at the level of Senior Management) are clearly identified;

(iii) appropriate Board committees, namely the Audit & Risk Committee and the Corporate Governance Committee (which is also tasked with duties regarding remuneration of Senior Management), have been set up to assist the Board in the effective performance of its duties.

(iv) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(v) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(vi) International Financial Reporting Standards, the Financial Reporting Act and the Mauritius Companies Act have been adhered to. Any departure has been disclosed, explained and quantified in the consolidated and separate financial statements;

(vii) the Company has an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management, and the Board has established formal and transparent arrangements, namely through its Audit Policy, to appoint and maintain an appropriate relationship with the Company's internal and external auditors.

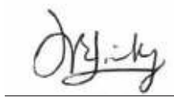
(viii) there is a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates is conducted, and appointments are made, on the basis of merit, measured against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender).

(ix) they have assessed the Company as a going concern and have a reasonable expectation that the Company will continue to operate for the foreseeable future and meet its liabilities as they fall due; and

(x) they have approved the Audit and Risk Committee, Corporate Governance Committee and Board charters, the Company's Code of ethics, appropriate job descriptions of the key senior governance positions, an organisational chart, and a statement of accountabilities.

Approved by the Board of Directors on 28 September 2020 and signed on its behalf by:

Mr Victor Seeyave
Chairperson of the Board



Mr Jean-Pierre Lim Kong
Director

GOOD *relationships*

In the same way that we go the extra mile for our customers, during difficult times, we also stand by our local and foreign partners, who have trusted us with their brands, and we strive to fulfil our commitments towards them despite the challenges.

Good Today.
Better Tomorrow.

Corporate Governance Report

Innodis Ltd was incorporated on 25 April 1973 and is listed on the official market of the Stock Exchange of Mauritius Ltd (SEM) since 1996. The company falls under the definition of a public interest entity as defined by the Financial Reporting Act and is governed by the Listing Rules of SEM.

Innodis Ltd and its subsidiaries is further governed by its Constitution, its Board Charter, the Companies Act 2001 and the National Code of Corporate Governance (2016).

The Board is aware of its responsibilities for applying and implementing within the Company the eight principles contained in the National Code of Corporate Governance (2016). The Board is committed to attaining and sustaining the highest standards of Corporate Governance with the aim of creating long-term value for the shareholders and stakeholders at large.

Constitution of the Company

The Constitution of the Company does not provide for any restrictions in relation to the ownership of shares.

Save and except where the terms of issue of any class of shares – as may be determined by the Board - specifically provides otherwise, all new shares are, before issue, offered to existing holders in proportion to their existing shareholdings.

The Constitution of the company, approved in 2013 to replace the previous Memorandum and articles of association, can be viewed on its website.

Disclosures and engagement with Stakeholders

The Board is committed to fair financial disclosure for its shareholders and all the stakeholders at large. The Company holds an annual meeting of shareholders, where relevant stakeholders are given the opportunity to be involved in a dialogue on the Company's position, performance and outlook at the annual meeting of shareholders.

Code of ethics

The Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. It reflects its diversity and unique culture. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics. The Code of Ethics can be viewed on the Company's website.

Board size and composition

To determine its current size and composition, the Board has taken into account (a) the size, complexity and diversity of its operations, (b) the various qualifications and experience of its members, (c) the recommendations of the Code. The Board is satisfied that it is currently of a size and level of diversity that is commensurate with the sophistication and scale of Innodis Group.

There is an appropriate combination of three executive directors, four non-executive directors and three independent directors. The directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management.

The list of the directors and their profiles are included on pages 24 and 25 of the Annual Report.

The Board

The Board meets on a quarterly basis and at such *ad hoc* times as may be required. Its main functions include the following:

- Reviewing and evaluating present and future opportunities, threats and risks in the external environment, and current and future strengths, weaknesses and risks relating to the Company;
- Determining strategic options, selecting those to be pursued, and resolving the means to implement and support them;
- Determining the business strategies and plans that underpin the corporate strategy;
- Ensuring that the Company's organisational structure and capabilities are appropriate for implementing the chosen strategies;
- Delegating such authority and power to management as may be deemed appropriate and monitoring and evaluating the implementation of policies, strategies and business plans;
- Ensuring that internal controls are effective;
- Overseeing information governance within the Group and ensuring that information assets are managed effectively;
- Communicating with senior management;
- Ensuring that communications both to and from shareholders and relevant stakeholders and all strategic partners are effective; and
- Understanding and taking into account the interests of shareholders and relevant stakeholders in policy and strategy implementation.

Corporate Governance Report (Continued)

The structure of the Board and its Committees

The Board has a unitary (one-tier) structure. Directors on the Board are independently minded. There are 10 directors sitting on the board as follows:

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT	COMMITTEE APPOINTMENT
Victor Seeyave	M	Mauritius	Non-Executive Chairperson	Chairperson of the Corporate Governance Committee and Board of Directors
Jean-Pierre Lim Kong	M	Mauritius	Executive Director (Chief Executive Officer)	
Maurice de Marassé Enouf	M	Mauritius	Independent Director	Member of the Corporate Governance Committee and Member of the Audit and Risk Committee
Imrith Ramtohul	M	Mauritius	Independent Director	Member of the Corporate Governance Committee
Sheila Ujoodha	F	Mauritius	Independent Director	Chairperson of the Audit and Risk Committee
Richard Luk Tong	M	Mauritius	Non-Executive Director	Member of the Audit and Risk Committee
Pauline Seeyave	F	Mauritius	Non-Executive Director	
Jean How Hong	M	Mauritius	Non-Executive Director	
Reynolds Moothoo	M	Mauritius	Executive Director	
Vivekanand Ramtohul	M	Mauritius	Executive Director	

The Company Secretary is Box Office Ltd. The latter has as partners two qualified Chartered Secretaries, Mrs. Sophie Gellé and Mrs. Sylvia Maigrot. The main contact of the Company is Mrs. Sophie Gellé.

Corporate Governance Report (Continued)

Board of Directors

1. **Vivekanand Ramtohul**
   EXECUTIVE DIRECTOR
2. **Jean How Hong**
   NON-EXECUTIVE DIRECTOR
3. **N.V Reynolds Moothoo**
   EXECUTIVE DIRECTOR
4. **Maurice de Marassé Enouf**
   INDEPENDENT DIRECTOR
5. **Richard Luk Tong**
   NON-EXECUTIVE DIRECTOR
6. **Pauline Seeyave**
   NON-EXECUTIVE DIRECTOR
7. **Jean-Pierre Lim Kong**
   EXECUTIVE DIRECTOR
8. **Sheila Ujoodha**
   INDEPENDENT DIRECTOR
9. **Victor Seeyave**
   NON-EXECUTIVE CHAIRPERSON
10. **Imrith Ramtohul**
    INDEPENDENT DIRECTOR

Corporate Governance Report (Continued)

Profiles of Directors and details of external appointments

Corporate Governance Report (Continued)

Victor Seeyave
NON-EXECUTIVE CHAIRPERSON

Victor is the holder of a BA in Economics (UK) and an MBA (USA). He is currently the Managing Director of Altima Ltd and previously held several management positions in the foods division of the Group. He is a director of Swan General Ltd and of Swan Life Ltd. He is currently the Chairperson of the Corporate Governance Committee of Innodis Ltd.

Jean-Pierre Lim Kong
EXECUTIVE DIRECTOR

Jean-Pierre is the Chief Executive Officer of Innodis Ltd since 1st January 2017. He previously held the position of General Manager for Finance and Administration of the company from 2000 to 2005. Jean-Pierre is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) in Mathematics and Management Studies from King's College London. Prior to joining Innodis Ltd, he worked for KPMG's audit and consulting practices in London, the business advisory departments of KPMG and DCDM Consulting in Mauritius, and for the Cim Group in Mauritius, first as Managing Director of Cim Finance Ltd and subsequently as Group Chief Finance Executive. He currently chairs the Listing Executive Committee of the Stock Exchange of Mauritius. Jean-Pierre also served on the Board of the Mauritius Institute of Directors for three years. He does not hold any directorships in other listed companies.

Maurice de Marassé Enouf
INDEPENDENT DIRECTOR

Maurice retired in 2001 after 29 years of service as Finance Manager of the WEAL group of Companies. He is a Non-Executive Director of Terra Mauricia Ltd and is an Independent Director of Mauritius Oil Refineries Ltd. He is currently a member of the Audit and Risk Committee and a member of the Corporate Governance Committee of Innodis Ltd. He is also a member of the Audit Committees of the Mauritius Oil Refineries Ltd and Terra Mauricia Ltd.

Sheila Ujoodha
INDEPENDENT NON-EXECUTIVE DIRECTOR

Sheila is currently the Managing Director of SmarTree Consulting Ltd. She has 21 years of hands-on experience in internal audit, risk management, corporate governance and process improvement. Sheila was previously the Chief Audit Executive at Cim Financial Services Ltd (Cim Group), a financial services group listed on the Stock Exchange of Mauritius. She is a fellow member of the Chartered Institute of Certified Accountants and the Mauritius Institute of Directors (MIoD) and is an active member of the Audit Committee Forum (ACF) established by the MIoD and KPMG to help Audit Committees in Mauritius to improve their effectiveness. Sheila currently chairs the ACF, the Audit and Risk Committee of MIOD and Innodis ltd. She is an independent director of Alteo Ltd as well as a member of its Audit & Risk Committee.

Imrith Ramtohul
INDEPENDENT DIRECTOR

Imrith is the Senior Investment Consultant at Aon Hewitt Ltd (Mauritius), a position he has held since 2012. Prior to Aon Hewitt, Imrith was the Head of Investment at Mauritius Union Group. He also previously worked at the Stock Exchange of Mauritius and at subsidiaries of South African banking groups Rand Merchant Bank and Nedbank. Imrith has 20 years of financial industry experience and has been cited in a number of media outlets. He was a member of the CFA Institute Global Investment Performance Standards (GIPS) Asset Owners Subcommittee between 2012 and 2017. In 2017, he was invited by the President of the Republic of Mauritius to serve as an Assessor on the 'Disposal of Britam Holdings Ltd shares' Commission of Inquiry.

Imrith graduated with honours from the University of Cape Town, with a Bachelor of Business Science (Honours) degree. He is a CFA Charterholder, has earned the right to use the Certificate in Investment Performance Measurement (CIPM) designation and is a Fellow of the Association of Chartered Certified Accountants UK (FCCA). Imrith is a Director of IPRO Growth Fund Ltd.

Richard Luk Tong
NON-EXECUTIVE DIRECTOR

Richard is the Head of Finance of Altima Group, with both past and present experience in the textile, shipping, consumer services, property development, business process outsourcing and global business industries. Richard also has strong IT skills, including the analysis and design of computerised systems and accounting software implementation. He is a Fellow member of the Association of Chartered Certified Accountants (FCCA) and an Associate of the Chartered Institute of Securities and Investments (ACSI). He does not hold any directorships in other listed companies.

Pauline Seeyave
NON-EXECUTIVE DIRECTOR

Pauline was appointed as a director of Innodis Ltd as from 1st January 2018. She is currently the Group Chief Financial Officer of New Mauritius Hotels Limited. She holds a M.A. (Cantab) Economics from St Catharine's College, University of Cambridge. Pauline has over 20 years of working experience in the UK and Mauritius. She has managed client portfolios in Audit and Business Assurance and has occupied senior executive roles in banking, across finance, risk management, credit, project finance and corporate banking. In the past, she has served on the boards of SBM Bank (Mauritius) Ltd, State Insurance Company of Mauritius Ltd and Club Méditerranée Albion Resorts Ltd. She is also a director of New Mauritius Hotels Limited and Semaris Ltd (listed companies).

Jean How Hong
NON-EXECUTIVE DIRECTOR

Jean was the Chief Executive Officer of Innodis Ltd from 2009 to 2016. Jean holds a Diploma in Sugar Technology (School of Agriculture, University of Mauritius). He had assumed the functions of Executive Director of Mauritius Farms Ltd, General Manager (Commercial Division) of Happy World Ltd and Chief Operating Officer of the Company from 2005 to 2008. He chaired the Corporate Governance Committee of Meaders Feeds Ltd until 30th June 2018 Ltd. He is also a director of the African Domestic Bond Fund & MCB India Sovereign Bond ETF.

N.V Reynolds Moothoo
EXECUTIVE DIRECTOR

Reynolds is the General Manager of the agri-business activities of the company, and oversees our regional Moçambique Farms Limitada operations. He holds a MBA from the University of Surrey, UK (2002) and is also holder of a Diploma in International Marketing as well as a Diploma in Agriculture and Sugar Technology. He has over 40 years of experience in the agro-industry and has held senior management positions in several companies. He also serves on the board of Meaders Feeds ltd, Poulet Arc-en-Ciel Ltée, Moçambique Farms Limitada and Innodis Poultry Ltd.

Vivekanand Ramtohul
EXECUTIVE DIRECTOR

Vivek is a Fellow of the Association of Chartered Certified Accountants and the Head of finance of Innodis Ltd. Vivek has more than 22 years of experience in the agro-industry and the commercial sector, with exposure in the shipping and IT industries. He is a director and a member of the Audit Committee of Ariva Ltée. He also chairs the Audit and Risk Committee of Meaders Feeds Ltd. Vivek does not hold any directorships in other listed companies.

Corporate Governance Report (Continued)

Directors' attendance at Board meetings for the period from 1 July 2019 to 30 June 2020

	BOARD MEETINGS				
	24/09/2019	13/11/2019	02/12/2019	12/02/2020	10/06/2020
Victor Seeyave	√	√	√	√	√
Maurice de Marassé Enouf	√	√	√	√	√
Imrith Ramtohul	√	√	√	√	√
Jean-Pierre Lim Kong	√	√	√	√	√
Sheila Ujoodha	√	√	√	√	√
Pauline Seeyave	√	√	√	√	√
Jean How Hong	√	√	√	√	√
Richard Luk Tong	√	√	√	√	√
Reynolds Moothoo	√	√	×	√	√
Vivekanand Ramtohul	√	√	√	√	√

Board orientation and training for new Directors

New Directors receive an induction and orientation upon joining the Board. Management is also responsible for briefing new directors on the Group's business.

Training of Directors

Training of Directors may comprise of externally conducted courses in matters of relevant interest to the Company.

Chairperson

Mr Victor Seeyave is the current Chairperson. The Chairperson has no executive or management responsibilities and chairs meetings of the Board and of shareholders. The Board ensures that the Chairperson commits sufficient time to carry out his duties and responsibilities effectively.

The Chairperson's primary functions are to:

- preside over the meetings of directors and ensure the smooth functioning of the Board in the interests of good governance;
- provide overall leadership and encourage active participation of all directors; and
- ensure that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions, and maintain sound relations with the Company's shareholders.

Executive Directors / Chief Executive Officer (CEO)

There are three Executive Directors on the Board.

The post of CEO is held by Mr. Jean-Pierre Lim Kong who is also a Director and reports to the Board of Directors.

The CEO is responsible for the day-to-day management of the Company and works in close collaboration with the management team, the Board and the Committees.

Independent Directors

The company has three Independent Directors.

The Board considers that an independent director is a board member who normally:

a) has not been an employee of the company or group within the past three years;

b) has not, or has not had within the past three years, a material business relationship with the company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;

c) has not received or receive additional remuneration from the company apart from a director's fee or as a member of the company's pension scheme;

d) is not a nominated director representing a significant shareholder;

e) does not have close family ties with any of the company's advisers, directors or senior employees;

f) does not have cross directorships nor significant links with other directors through involvement in other companies or bodies; and

g) has not served on the board for more than nine years from the date of their first election.

There are currently 2 women on the Board, namely Miss Pauline Seeyave and Mrs Sheila Ujoodha, out of 10 directors.

The Company therefore complies with the Code of Corporate Governance, which stipulates that the Company shall have at least two independent directors, at least two executive directors, and at least one female director.

However, the Company did not comply with criteria (g) above used for determining whether a director is independent or not. In this regard, the Company has deemed it fit and proper to prioritise knowledge and industry experience over the strict application of the criteria. The Company currently has 2 board members who fulfil all the recommended criteria for being qualified as independent, except for their length of service, which exceeds 9 years. Moreover, the Board has taken note of the recent amendment

Corporate Governance Report (Continued)

to the Companies Act 2001 as regards the new criteria for an 'independent director' and will do the needful to ensure that the Company has at least 2 Independent Directors in compliance with the prevailing legislation as from January 2021.

BOARD COMMITTEES

The Board has two standing committees to assist in the discharge of its duties: the Audit and Risk Committee and the Corporate Governance Committee. The committees meet regularly under the terms of reference set by the Board. The Chairperson of each committee has the responsibility to report to the Board regarding all decisions and matters arising at each Board meeting. The committees may from time to time seek independent professional and consultancy services, and any recommendations in connection therewith are subject to the approval of the Board. The charters of the Committees are, if necessary, subject to review every two years for the Corporate Governance Committee Charter and every 5 years for the Audit and Risk Committee charter.

Corporate Governance Committee

The Corporate Governance Committee comprises two independent directors, and one non-executive director as follows:

- Victor Seeyave (Committee Chairperson) – Non-Executive Director
- Imrith Ramtohul – Independent Director
- Maurice de Marassé Enouf – Independent Director

Given the nature, size and moderate complexity of the business, the functions that would have normally been entrusted to a remuneration committee and to a nomination committee are discharged by the Corporate Governance Committee, which submits its recommendations to the Board for approval.

A new charter has been adopted on 26th June 2019 and can be viewed on the Company's website. The Committee members met once during the financial year. The main terms of reference of the Corporate Governance Committee are to:

In terms of Corporate Governance:

- make the necessary recommendations to the Board so that the corporate governance culture of the Company is consistent with the eight principles contained within the New Code of Corporate Governance (the Code);
- review and make adequate recommendations to the Board for the approval of the corporate governance report to be published in the Company's annual report;
- ensure that the website includes the key governance documents;
- periodically review and evaluate the effectiveness of the Company's Code of Business Conduct and Ethics; and
- review all related party transactions and situations involving board members and refer where appropriate to the Board.

In terms of Nomination:

- ensure that the board has a right balance of skills, expertise, knowledge and independence and make recommendations to the Board with regards to any changes;
- make recommendations regarding the composition of the Board and the balance between executive and non-executive directors;
- take the lead for the self-appraisal exercise for directors;
- give full consideration to succession planning for directors and other senior executives in the course of its work; and
- review the Directors' fees policy.

The attendance at Corporate Governance Meetings from 01 July 2019 to 30 June 2020 was as follows:

	CORPORATE GOVERNANCE COMMITTEE MEETINGS
	24/09/2019
Victor Seeyave (Committee Chairperson)	√
Maurice de Marassé Enouf	√
Imrith Ramtohul	√

Common directorships are disclosed on pages 24 and 25 under the Directors' profiles.

Audit and Risk Committee

The Audit and Risk Committee consists of two independent directors, including its Chairperson, and one Non-Executive Director, as follows:

- Sheila Ujoodha (Committee Chairperson) – Independent Director
- Maurice de Marassé Enouf – Independent Director
- Richard Luk Tong – Non-Executive Director

The Audit and Risk Committee Charter can be viewed on the company's website. The Audit and Risk Committee met 4 times during the financial year and the members of the Committee have examined and tabled their views on financial reports prior to the publication of the audited consolidated and separate financial statements, as well as reports from the Internal and External Auditors.

The main terms of reference of the Audit and Risk Committee are to:

- examine and review the quality and integrity of the interim financial statements, annual financial statements as well as preliminary announcements relating to the company's financial performance and the annual report prior to their release;
- review and report to the Board on significant financial reporting issues and judgements which the financial statements contain, having regard to matters communicated to the Committee by the Internal and/or External Auditor;
- meet with Management, the internal auditor and the external auditors to review the financial statements, the critical accounting policies and practices, and the results of their audit;
- ensure that significant adjustments, unadjusted differences, disagreements with Management and management letters are discussed with the external auditors and where applicable, reported to the Board;
- evaluate the overall effectiveness of the internal control and risk Management frameworks;

Corporate Governance Report (Continued)

Audit and Risk Committee (Continued)

- review regularly the risk register and ensure that the Company is adequately insured;
- ensure that the Company has an appropriate internal and external audit function and make recommendations to the Board in relation to the appointment, termination and remuneration of internal and external auditors;
- review the proposed internal and external audit plans;
- review the Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct;
- review and monitor Management's responsiveness to internal auditor's findings and recommendations; and
- oversee the Company's compliance with legal and regulatory provisions, its Constitution, Code of Ethics, by-laws and any other rules or policy established by the Board.

For the year under review, there were no significant issues in relation to the financial statements.

The attendance at Audit and Risks Committee Meetings from 01 July 2019 to 30 June 2020 was as follows:

	AUDIT AND RISK COMMITTEE MEETINGS			
	19/09/19	06/11/19	05/02/2020	03/06/2020
Maurice de Marassé Enouf	√	√	√	√
Sheila Ujoodha	√	√	√	√
Richard Luk Tong	√	√	√	√

AUDIT

Internal Audit Function

The Internal Audit & Risk Manager reports directly to the members of the Audit and Risk Committee to maintain its independence and objectivity, and administratively to the Chief Executive Officer. The Audit and Risk Committee approves the yearly plan of the Internal Audit & Risk Manager, which comprises the following main responsibilities:

- Determining the adequacy and effectiveness of the systems of internal accounting and financial reporting of the Company & Group;
- Reviewing management controls designed to safeguard Company & Group resources and verify the existence of such resources;
- Determining whether adequate controls are incorporated into information technology systems and the overall IT administrative functions;
- Appraising the use of resources with regard to cost, efficiency and effectiveness;
- Reviewing compliance with Company & Group policies, plans and procedures to ensure achievement of business objectives;
- Investigating suspected fraudulent activities within the organisation and notifying the Audit and Risk Committee and Management of the results;
- Coordinating with and having oversight of other control and monitoring functions (risk management, quality assurance, security and safety);
- Issuing periodic reports to the Audit and Risk Committee on the results of audit activities and management plans to address audit observations; and
- Following-up of implementations of action plans to address significant weaknesses identified.

The Internal Audit team has unrestricted access to the records, management and employees of the Group. The Internal Audit & Risk Manager has the responsibility of ensuring that internal controls are implemented at Group level.

The internal audit function is regularly monitored and reviewed by the Audit and Risk Committee to ensure that internal control systems are effective.

The structure of the Internal Audit function and qualifications of the Internal Audit & Risk Manager is listed on the company's website.

DIRECTOR APPOINTMENT PROCEDURES AND RE-ELECTION OF DIRECTORS

The Board, committees and individual directors have their performance evaluated and are held accountable to appropriate stakeholders.

The directors are normally appointed by shareholders by an ordinary resolution at the Annual Meeting. In accordance with the Constitution of the Company, the Board may also appoint any person to be a director, either to fill a casual vacancy, or as an addition to the existing directors. Moreover, the Board may appoint any of the Managers of the Company as an executive director and may limit the powers of the latter.

All directors, whether appointed by a resolution of shareholders or by the directors, hold office only until the next Annual Meeting, at which time they shall retire, or shall be eligible for re-election. The Board assumes the responsibilities for succession planning and for the induction of new directors. All new directors have attended and participated in an induction and orientation process. The Board has the duty to review the professional development and ongoing education of directors.

BOARD, DUTIES, AND INTERESTS AND PERFORMANCE

The directors are aware of their legal duties and observe and foster high ethical standards and a strong ethical culture in the Company. Each director allocates sufficient time to discharge his or her duties effectively. Any conflicts of interest and related-party transactions that arise are dealt with in accordance with the Code of ethics. The Board is responsible for the governance of the Company's information strategy, information technology and information security. The Board, committees and individual directors are supplied with information in a timely manner and in an appropriate form and quality to allow them to perform their duties effectively.

Corporate Governance Report (Continued)

BOARD EVALUATION

Board evaluation is carried out by way of a Director's self-appraisal every two years. The last exercise was carried out in the last quarter of 2020 and included also a part on the evaluation of the two sub-committees. No independent board evaluator was appointed.

For the evaluation, the Directors are normally invited to fill in a questionnaire, in which the questions are categorized under the following themes:

- company's relationship and communication with shareholders;
- the structure of the board;
- board efficiency;
- board leadership and management relations;
- directors' powers and duties;
- ethics;
- committees;
- risks;
- corporate governance; and
- individual assessment.

RISK GOVERNANCE AND INTERNAL CONTROL

The Board is responsible for risk governance and ensures that the Company and its subsidiaries develop and execute a comprehensive and robust system of risk management and maintains a sound internal control system.

Risk Management Function

The Directors recognise that the Board has the overall responsibility for the risk management and internal control mechanisms of the Company. The Board, has, through its Audit and Risk Committee, (a) monitored and evaluated the Company's strategic, financial, operational and compliance risks, and (b) developed and implemented appropriate frameworks and effective processes for the sound management of risks.

Management assists the Board in implementing, operating and monitoring the internal control systems which manage the risks of calamities and failure to achieve business objectives, and provide reasonable but not absolute safeguards against material misstatements or losses. The systems of internal controls put in place by management include:

- the maintenance of proper accounting records;
- the implementation of the policies and strategies approved by the Board;
- the regular assessment of specific risk managements such as – market risks, credit risks, liquidity risks, operation risks, commercial risks, technological risks, compliance risks and human resource risks; and
- the overseeing and reviewing on an ongoing basis of the risks associated with occupational health and safety, as well as environmental issues.

Management has a well-designed structure for the identification and management of risks through stringent controls which are reviewed on a regular basis by the internal audit department. This provides the directors a certain level of assurance that risk management processes are in place and effective.

Whistle-blowing procedures are outlined in the Code of Ethics of the company. Reports are made to the HR Manager or CEO and the whistle-blowers may request their identities to be kept confidential. An amendment will be made to the Code of Ethics to provide that reporting can also be effected solely to the Chairperson of the Audit and Risk Committee regarding sensitive matters that may involve Management.

DIRECTORS' SERVICE CONTRACTS

The existing service contracts between the Company or any of its subsidiaries and their directors are as follows:

- Between Jean-Pierre Lim Kong and Innodis Ltd: Chief Executive Officer; and
- Between Yannick Lagesse and Meaders Feeds Ltd: Managing Director.

COMPANY SECRETARY

The secretary of the Company is Box Office Ltd. The latter offers corporate services, secretarial services, and business facilitation services, with a portfolio of more than 200 business entities consisting of listed companies on the Stock Exchange of Mauritius Ltd, public interest entities, public, private and small private companies, partnerships and associations in all fields of activity. The partners of the company are Sylvia Maigrot, ACIS, and Sophie Gellé, ACIS. More information may be obtained on the latter on its website at www.box-office.mu.

The Company Secretary has access to the Board members and Directors may separately and independently contact the Company Secretary who attends and prepares minutes for all Board meetings.

The Company Secretary's role is defined, and includes the responsibility for:

- providing the Board with guidance as to how their duties and responsibilities should be properly discharged in the best interests of the Company and in accordance with the Companies Act 2001, the Constitution of the Company and the Code of Corporate Governance;
- drafting the agenda of Board and Board committee meetings in consultation with the Chairperson and the CEO;
- circulating agendas and any supporting papers to Directors in good time;
- convening, attending and drafting of minutes of Board and Committee Meetings and Shareholders' meetings;
- checking that the required quorums of meetings are present; and
- assisting the Chairperson in organising Board evaluations and training programs;

The appointment and dismissal of the Company Secretary are matters requiring the Board's approval.

Corporate Governance Report (Continued)

SHARE OPTION PLAN

The Group and the Company have no share option plans.

LEADERSHIP

Directors and members of Management exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are well versed with the day-to-day transactions of the Company and are sufficiently experienced and qualified to fulfil their roles and functions.

The Board regularly monitors and evaluates compliance with the Code of ethics.

INTERESTS REGISTER

The Company Secretary maintains an interest register, which is available for consultation to shareholders upon written request to the Company Secretary. No entries have been made in the interest register for the reporting period.

INFORMATION, INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE

An information technology and information security policy exists and is available for consultation on the Company's website.

The Board oversees information governance through its Audit & Risk Committee, which itself supervises the Internal Audit function, which has no restrictions to its right of access to information.

All significant expenditures on information technology are approved by the Board, following recommendations and explanations provided by Management in that respect.

REMUNERATION

Statement of remuneration philosophy

- The Board is transparent, fair and consistent in determining the remuneration policy for directors and senior executives. The remuneration of senior executives is generally aligned with the salary packages in the industry. The Group believes that adequate remuneration is essential to attracting and retaining talent and to motivating our key executives to perform at their best.

  The Board's Corporate Governance Committee has reviewed the remuneration of key executives, including the Chief Executive Officer. The level of remuneration is based on a formal assessment of performance in accordance with agreed target parameters and is in line with market trends.

- The non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

A statement showing the remuneration of executive and non-executive directors is shown below.

	FY2020
	Rs
Executive Directors	
Jean-Pierre Lim Kong	12,835,810
Reynolds Moothoo	4,445,700
Vivekanand Ramtohul	4,051,283
Non-Executive Directors	
Victor Seeyave	608,000
Jean How Hong	255,000
Pauline Seeyave	255,000
Richard Luk Tong	447,000
Independent Director	
Maurice de Marassé Enouf	671,000
Imrith Ramtohul	395,000
Sheila Ujoodha	519,000

PROCUREMENT FUNCTION

One of the key risk areas of the Group is the procurement function. As such, Management has set up a separate procurement committee. The aims of the Procurement Committee are to prioritise and manage risks across the entire supply chain. The Procurement Committee currently reports to the Chief Executive Officer and its main terms of reference are to:

- identify and manage procurement risks according to their chances of occurrence and severity;
- provide guidelines on procurement;
- make recommendations for the selection of suppliers to ensure best value for money is received, and the adequacy of stocks, taking into consideration cash flow requirements; and
- set the highest possible ethical standards and best practices for procurement through defined policies and monitoring.

SUSTAINABILITY REPORTING

Health, Safety, Social and Environmental policies

The Group has developed and implemented social, safety, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks.

The Group carries out regular risk assessments to ensure that all production units are operated in such a manner as to minimise damage to the environment and the neighbourhoods. Regular training sessions, both in-house and outsourced, are also provided to our staff to ensure that health and safety cultures prevail within the Group and that everyone is well informed about health and safety policies in place.

Health and Safety committees, consisting of representatives of both Management and employees, are held every two months. The objectives of this committee are to promote cooperation between the employer and the employees and to discuss projects and plans in order to promote the health and safety culture at Innodis.

During the year, Innodis Poultry Ltd was certified ISO 45001 in relation to workplace risks. This certification replaces OHSAS 18001.

The Group operates its day-to-day activities in a way that is aligned as far as possible with green, environmentally-friendly and energy-saving principles, paying special attention to the regular maintenance and optimal use of its fleet of vehicles to minimise carbon emissions. The used engine oil of our vehicles as well as the plastic, paper and carton waste products at our commercial division are routinely recycled.

- ISO 14001 certification

Innodis Poultry Ltd is ISO 14001 certified, and our Dairy division is currently also working on securing this certification, which helps us identify areas where we can further improve on waste handling and recycling, make best use of our natural resources, create opportunities for environmental benefits, care even more for our animals, water, energy utilisation, and protect the air and the soil.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The group is fully committed to Corporate Social Responsibility and collaborates with the Innodis Foundation and NGOs involved in activities that it considers to be high on its priority list of interventions namely the:

- assistance to the alleviation of poverty;
- promotion of education and training to vulnerable groups;
- assisting in developing a healthy nutrition programme for the needy; and
- supporting projects for the protection of the environment.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Substantial Shareholders

The shareholders holding more than 5% of the ordinary shares of the Company at 30 June 2020 were:

- Foods Div Ltd – 33.73%
- Altima Ltd – 13.07%
- National Pension Fund – 7.98%

Although the company does not have a formal dividend policy, it has always endeavoured, including in the year under review, to maintain a healthy level of dividend distribution in line with the expectations of key stakeholders in relation to their investments.

Summary of shareholders by category

Investment & Trust	1.208%
Individual	16.553%
Pension & Provident Funds	3.363%
Insurance & Assurance	9.123%
Other Corporate Bodies	69.753%

Shareholding Profile

SIZE OF SHAREHOLDING	NO OF SHAREHOLDERS	NO OF SHARES OWNED	%
1 – 500	3,171	397,293	1.08
501 – 1,000	486	383,439	1.04
1,001 – 5,000	708	1,646,385	4.48
5,001 – 10,000	150	1,042,317	2.84
10,001 – 50,000	134	2,749,107	7.48
50,001 – 100,000	26	1,773,323	4.83
100,001 – 250,000	15	2,252,087	6.14
250,001 -1,000,000	9	3,112,228	8.47
Over 1,000,000	7	23,374,087	63.64
	4,706	**36,730,266**	**100**

Directors and senior officers' interests and dealing in shares and their shareholding in the company.

Corporate Governance Report (Continued)

The Directors use their best endeavours to follow the principles of the model Code on Securities Transactions by Directors (as detailed in Appendix 6 of the Stock Exchange listing rules).

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

	2020 Direct holding Number	2020 Indirect holding %	2019 Direct holding Number	2019 Indirect holding %
Directors :				
Pauline Seeyave	**5,734**	-	5,601	-
Maurice de Marassé Enouf	**533**	-	533	-
Jean How Hong	**39,218**	**0.0065**	39,218	0.01
Victor Seeyave	-	**30.45**	-	30.45
V.N.Reynolds Moothoo	-	-	-	-
Imrith Ramtohul	**24,242**	**0.0041**	24,242	0.0041
Jean-Pierre Lim Kong	**5,001**	-	1	-
Richard Luk Tong	**262**	-	262	-
Vivekanand Ramtohul	-	-	-	-
Sheila Ujoodha	-	-	-	-
Senior Officers :				
Sonny Wong	-	-	-	-
Rahim Bholah	**2,000**	-	2,000	-
Rajneetee Beeharry	-	-	-	-
Hansley Chadee	**200**	-	200	-
Oliver Fanchette	-	-	-	-
Zaheer Deen Kaudeer	-	-	-	-
Gerard Nien Fong	-	-	-	-
Amrith Dass Nunkoo	**310**	-	310	-
Deven Ramasawmy	-	-	-	-
Arvin Saddul	**63**	-	-	-
Christina Sam See Moi	-	-	-	-
Dimple Seechurn	-	-	-	-
Gerard Wong Chong	**698**	-	-	-
Box Office Ltd	-	-	-	-

CONTRACT OF SIGNIFICANCE

The Company has a Technical and Advisory services agreement with Altima Ltd, whereby the latter provides advice, guidance and assistance to the Group in the following areas: strategy, accounting and finance, legal, corporate communications, and marketing. There is no other contract of significance between the Company or any of its subsidiaries and a third party, in which a director is materially interested directly or indirectly, for the year under review.

COMMUNICATION

Innodis strongly believes in an open, honest and meaningful interaction with all those involved with the Group, and one of the key objectives of the Board is to adequately cater for the information requirements of all our shareholders and stakeholders.

The Board ensures that its shareholders and stakeholders (namely, its clients, consumers, employees, investors, suppliers, communities, financial institutions, local authorities and regulators) are kept informed on an ongoing basis regarding matters affecting the Group.

The Group's website (www.innodisgroup.com), which was completely refreshed in the last quarter of the financial year under review, is used to provide relevant information, and communication is effected through the Annual Report, social media platforms, the internal newsletter (which is mainly intended for employees), circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius, press announcements, the publication of Group and Company unaudited quarterly and audited abridged financial statements, dividend declarations. Management otherwise interacts with various stakeholders regularly through face-to-face meetings, by phone or email during the ordinary course of business.

We further have the opportunity to interface with some of our key stakeholders through the Mauritius Chamber of Commerce and Industry, Made in Moris, Business Mauritius and local communities either directly or through local authorities, on a regular or ad-hoc basis.

Finally, Investors meetings may be carried out on an annual basis. Institutional investors and investment managers are invited to attend these meetings, during which the audited results of the Group as well as the overall Group strategy and key projects are presented. Attendees are also invited to partake in a dialogue about the organisational position, performance and the outlook of the Group.

Corporate Governance Report (Continued)

The Annual Meeting of shareholders is held every year in December. All Board members are requested to attend annual meetings. The Annual Meeting is an opportunity for shareholders to meet the Directors and have an open discussion about the Group's activities and results. The notice of the annual meeting and other shareholder meetings and related papers are sent to shareholders at least 21 days before the meeting in accordance with the Companies Act.

The expectations and interests of key stakeholders are continuously being assessed by the Board and responded to through continuous dialogue on various platforms as mentioned above. In the case of our suppliers and clients, these are then recorded in commercial agreements, where a win-win approach is favoured, with a view to building long term relationships.

The following documents can be viewed on the website:

- The Constitution of the Company
- The Quarterly results
- The Annual reports
- The Notices of annual meeting
- The Board charter
- The Audit and Risk and Corporate Governance Committee Charters
- The Code of ethics
- The IT Policy
- The Audit Policy
- The Management structure

SHARE PRICE INFORMATION

For the year under review, Innodis share price stood at Rs 43.00 (June 2019 - Rs 42.45).

	2020	2019
Share price (Rs)	**43.00**	42.45
Earnings per share (Rs)	**1.53**	3.04
Price Earnings Ratio (times)	**28.10**	13.96
Dividend per share (Rs)	**1.15**	1.85
Dividend yield (%)	**2.67**	4.36

Timetable of important events for shareholders:

September	Payment of final dividends of previous Financial Year** Approval of audited consolidated and separate financial statements
November	Publication of first quarter results
December	Declaration of interim dividends* Annual meeting of shareholders
February	Publication of second quarter results
February/March	Payment of interim dividends declared in December**
May	Publication of third quarter results
June	Declaration of final dividends*

*Subject to the approval by the Board of Directors

** Subject to a resolution to that effect by the Board of Directors

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 31.

DIVIDEND POLICY

The Board has not established a formal dividend policy. However, the Board endeavours to authorise distributions in the light of the company's profitability, cash flow requirements and planned capital expenditure.

SHAREHOLDERS' AGREEMENT

There is no shareholders' agreement which affects the governance of the Company by the Board.

ACKNOWLEDGEMENT

The Board would like to thank all employees for their continued dedication and loyalty.

Mr Victor Seeyave
Chairperson

Imrith Ramtohul
Member of Corporate Governance

GOOD to our people

The health and safety of both our customers and employees have always been our top priority. We have taken the new health risks very seriously and implemented all recommended safety protocols, including the screening of our staff. Just a few more ways in which we are good towards one another.

Good Today.
Better Tomorrow.

Statement of Compliance

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

We, the Directors of Innodis Ltd, confirm, to the best of our knowledge that the Company has complied with the New Corporate Governance Code for Mauritius (2016), has applied all of the principles set out in the Code and has explained how these principles have been applied.

Mr Victor Seeyave
Chairperson of the Board

Date: 28 September 2020

Mr Jean-Pierre Lim Kong
Director

Secretary's Certificate

Under section 166(D) of the Mauritius Companies Act 2001

In accordance with Section 166 (d) of the Mauritius Companies Act 2001, we hereby 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 Mauritius Companies Act 2001.

Box Office Ltd
Company Secretary

Date: 28 September 2020

Statutory Disclosures

EXTERNAL AUDITORS

Auditors' Remuneration

		2020 Rs'000	2019 Rs'000
Company:			
Ernst & Young :	Audit Fees	**2,571**	2,235
	Advisory Services	**144**	-
Group:			
Ernst & Young :	Audit Fees	**4,660**	4,280
	Advisory Services	**144**	-
Ernst & Young :	Internal Audit Services	**-**	-
	Tax Services	**60**	77

Statutory Disclosures (Continued)

SUBSIDIARIES OF INNODIS LTD AND THEIR DIRECTORSHIPS

(i) PENINSULA RICE MILLING LTD
Jean How Hong (Chairman)
Victor Seeyave
Sonny Wong Lun Sang
Jean-Pierre Lim Kong

(ii) REDBRIDGE INVESTMENTS LTD
Jean How Hong (Chairman)
Victor Seeyave
Vivekanand Ramtohul
Jean-Pierre Lim Kong

(iii) CHALLENGE HYPERMARKETS LTD
Jean How Hong (Chairman)
Victor Seeyave
Maurice de Marassé Enouf
Jean-Pierre Lim Kong

(iv) HWFRL INVESTMENTS LTD
Jean How Hong (Chairman)
Victor Seeyave
Jean-Pierre Lim Kong

(v) MOÇAMBIQUE FARMS, LIMITADA
Jean How Hong (Chairman)
Victor Seeyave
N. Vincent Reynolds Moothoo
Jean-Pierre Lim Kong

(vi) MAURITIUS FARMS LIMITED
Jean How Hong (Chairman)
Vivekanand Ramtohul
Jean-Pierre Lim Kong

(vii) ESSENTIA LTD
Jean How Hong (Chairman)
Vivekanand Ramtohul
Jean-Pierre Lim Kong

(viii) POULET ARC-EN-CIEL LTÉE
Jean How Hong (Chairman)
Rahim Bholah
Maurice de Marassé Enouf
Jean-Pierre Lim Kong
N. Vincent Reynolds Moothoo
Vivekanand Ramtohul
Victor Seeyave
Gerard Yoon Kong Wong Chong
Sonny Wong Lun Sang

(ix) GREEN ISLAND MILLING LIMITED
Jean How Hong (Chairman)
Rahim Bholah
Graeme Lance Robertson
Rachmat Imanuel Suhirman

(x) MEADERS FEEDS LIMITED
Jean-Pierre Lim Kong (Chairman)
Yannick Lagesse
Robert Joseph Bernard Montocchio
Ramtohul Vivekanand
Emmanuel Wiehe
David Montocchio
Reynolds Moothoo

(xi) SUPERCASH LTD
Jean How Hong (Chairman)
Victor Seeyave
Sonny Wong Lun Sang
Jean-Pierre Lim Kong

(xii) GOODIZ DISTRIBUTION LTD
Jean How Hong (Chairman)
Sonny Wong Lun Sang
Vivekanand Ramtohul
Jean-Pierre Lim Kong

(xiii) INNODIS POULTRY LTD
Victor Seeyave (Chairman)
Jean How Hong
Vivekanand Ramtohul
N. Vincent Reynolds Moothoo
Jean-Pierre Lim Kong
Richard Luk Tong

Statutory Disclosures (Continued)

SENIOR MANAGEMENT TEAM

The Senior Management team, other than the CEO, Jean-Pierre Lim Kong and the other Executive Directors, N.V. Reynolds Moothoo (General Manager – Innodis Poultry Ltd) and Vivekanand Ramtohul (Group Finance Manager), are as follows:

- **SONNY WONG LUN SANG**

  Chief Operating Officer

  Sonny has more than twenty years of experience in the food sector as Production & Quality Manager, Sales & Marketing Manager and is currently the General Manager of the Group's commercial division. He holds an MBA from 'IAE – Institut en Administration des Entreprises' of Poitiers, a Master-DESS in project management from the University of Bordeaux and a Master-DEPA in entrepreneurship from the IFE of Réduit.

- **RAHIM BHOLAH**

  General Manager - production

  Rahim joined Innodis Ltd in 1993 as Production Manager at the poultry production plant and has today 29 years of hands-on experience in the manufacturing sector, within textiles, poultry and dairy industries. He is also running the Peninsula Rice Milling Ltd operations, which is a subsidiary of Innodis Ltd. He holds a Bachelor (Hons) degree in Production Engineering and Production Management from the University of Nottingham (UK). He also possesses a Postgraduate Diploma in Management.

- **RAJNEETEE BEEHARRY**

  Group Human Resources Manager

  Rajneetee has over 17 years of working experience within different areas that span over Human Resources, Hospitality, Quality Assurance, Training and Food & Beverage within the Financial and Hospitality sectors. She holds a BSc in Human Resources from the University of Mauritius and an MBA Degree from the Management College of South Africa. She joined the Company in April 2016 and is currently leading the Human Resources department.

- **HANSLEY CHADEE**

  Senior IT Manager

  Recipient of the state scholarship, Hansley holds a BEng Information System from Imperial College London, and an MPhil in Artificial Intelligence from Cambridge University. He also holds an MBA from Imperial College London. He has been with the Company, leading the IT department for the past 21 years.

- **OLIVIER FANCHETTE**

  Senior Manager – Production and Export Innodis Poultry Ltd

  Olivier is the holder of a BSc (Hons.) Agribusiness and Finance and a BSc (Hons.) Animal Production from the University of KwaZulu-Natal Pietermaritzburg South Africa. He started his career in Mauritius in 2006 before joining Innodis Group in 2007 as Technical Manager. He moved to Madagascar in 2011 where as General Manager, he successfully set up, launched and operated the Agribusiness companies Agrifarm, Agrival and Mabel. Back in Mauritius after more than 5 years, he joined Innodis Poultry Ltd as Production Manager in 2016 and was promoted as Senior Manager in 2018.

- **ZAHEERUD DEEN KAUDEER**

  Manager – Supercash

  Zaheer joined Innodis Ltd in 2001 and has been working successively as Brand Manager, Key Account Manager and Sales and Marketing Manager in the commercial division. He is presently the Manager of Supercash Limited. He holds a BSc (Hons.) in Management with specialisation in Marketing from the University of Mauritius. He also holds a Masters in Business Administration.

- **GERARD NIEN FONG**

  Purchasing and Sales Manager

  Gerard holds a BSc in Economics and Diploma in Marketing from Bordeaux University, France and started his career in the Real Estate sector with the Jade Group. In 2002, he joined Innodis Ltd as Manager at Supercash. Gerard was subsequently employed by Cim Finance Ltd in 2007 where he occupied the post of Manager of the Customer Accounts Department for 8 years. In 2015, he returned to Innodis as Purchasing and Sales Manager.

- **AMRITH NUNKOO**

  Logistics Manager

  Amrith holds an MA Engineering from the University of Cambridge, UK. He is presently in charge of the Group's dry warehouse and cold room activities. He is also in charge of the management of the fleet of vehicles and refrigeration systems.

Statutory Disclosures (Continued)

SENIOR MANAGEMENT TEAM (CONTINUED)

- **DEVEN RAMASAWMY**

  Internal Audit & Risk Manager

  Deven is a member of the Association of Chartered Certified Accountants, UK. He joined the Group in 2013 as Internal Audit Executive and is now the Group's Internal Audit Manager. Previously he has worked for Shibani Finance and Poivre Corporate Services as Internal Audit Manager.

- **ARVIN SADDUL**

  Manager – Poulet Arc -en Ciel Ltée

  Arvin has been working for the Group for 29 years. He holds a BEng Mechanical Engineering from University of Manchester, UK. He is a Chartered Engineer and holds an MBA in Project Management

- **CHRISTINA SAM SEE MOI**

  Senior Manager – Commercial

  Christina joined the Company in the year 2000 after graduating from university and started her career in the marketing department. She was promoted to Senior Manager in the commercial department in 2015, where she heads the consumer goods division. She holds a BSc (Hons.) Management from the London School of Economics and Political Science.

- **DIMPLE SEECHURN**

  Marketing Manager

  Dimple joined the Company in 2015 as Marketing Manager. She has over 17 years of experience in marketing in different sectors, namely advertising, FMCG and financial services. Prior to joining Innodis, Dimple was the Marketing Manager of Lottotech, where she contributed to the successful implementation of the Mauritius National Lottery. She holds a BSc (Hons.) in Management with Specialisation in Marketing and a MBA degree from the University of Mauritius.

MANAGEMENT AGREEMENT

There is no management agreement between Innodis Ltd or any of its subsidiaries with third parties, except in the case of our subsidiaries, Poulet Arc-en-Ciel Ltée and Innodis Poultry Ltd, which have a management agreement with Innodis Ltd.

DIRECTORS' INSURANCE

The Directors benefit from an indemnity insurance to cover for liabilities which may be incurred while performing their duties to the extent permitted by law

GOOD *to nature*

We understand the importance of protecting nature and we could not stand by and watch as the Wakashio oil spill threatened to soil our pristine lagoons and beaches. Our employees quickly joined other volunteers to put together absorbent booms that helped minimise the damage to the South-East coastline.

Good Today.
Better Tomorrow.

Independent Auditor's Report

To the members of Innodis Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Innodis Limited (the "Company") and its subsidiaries (the "Group") set out on pages 48 to 134 which comprise the statements of financial position as at 30 June 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Group and Company as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

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

Key Audit Matters

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

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

Independent Auditor's Report (Continued)

To the members of Innodis Limited

Key Audit Matter	How the matter was addressed in the audit
Valuation of biological assets In line with IAS 41, the Group evaluates biological assets (hatchable eggs, live broilers and breeders) at fair value less cost to sell. As of 30 June 2020, the biological assets amounted to Rs 120m and represented 3% of the Group's total assets. Management used significant judgement about the following unobservable inputs to arrive at the fair value of the respective biological asset: - Hatchability rate - the fair value of hatchable eggs is determined based on the value at which a day-old chick can be sold, less hatchery cost and adjusted for hatchability rate. - Mortality rate and weight - the fair value of live broilers is determined based on the selling price of live broilers, adjusted for mortality and weight. - Number of eggs expected to be laid and future cost to be incurred - the fair value of breeders is based on the expected cash flows to be generated, itself based on the number of eggs expected to be laid by the breeder and adjusted for future cost to be incurred. *We focused on this area as a key audit matter because the assessment of the fair value using valuation techniques involves significant judgements.*	We assessed and tested the design and operating effectiveness of selected key controls over management's process for valuing biological assets. Our substantive procedures in assessing the reasonableness of fair value include the following: - We evaluated the valuation model against the requirements in IAS 41, IFRS 13 and industry practice. - We compared the selling price of live broilers and dayold chicks to the actual sales made to third party. - We evaluated the reasonableness of the key unobservable inputs including hatchability, mortality rates, weight against historical production data and to after year end production data. - We ensured reasonableness of the assumption used for expected number of eggs and the future cost by comparing to actual production and cost incurred. - We assessed the Group's disclosures regarding fair value of biological assets, in accordance with IAS 41 and IFRS 13, including key assumptions and judgements
Implementation of IFRS 16 Leases IFRS 16 - Leases becomes effective for reporting periods beginning on or after 1 January 2019. The application of the new standard gives rise to a right of use asset and lease liabilities. As at 30 June 2020, Rs 271m of right of use assets and corresponding lease liabilities of Rs 260m were recorded for the Group, and Rs 117m of right of use asset and corresponding lease liabilities of Rs 106m were recorded for the Company. The Group and the Company elected to apply the modified retrospective approach for the transition accounting. The impact of this new standard is significant to our audit since: 1. the amounts recorded are material, 2. the update of the accounting policy required policy elections, 3. the implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability are based on assumptions such as: • the lease terms which includes termination and renewal options • The discount rates where the incremental borrowing rate ("IBR") method has been adopted and where the implicit rate of interest in a lease is not readily determinable. Given the amount involved and the level of judgement required, we have assessed that this item is a key audit matter.	Our procedures included the following: - We have assessed the management implementation process, including the review of the updated accounting policy and policy elections, - We have ensured completeness by reviewing all historical expenses and through inquiry with management; - We performed independent testing of the accuracy of the inputs of the ROU and Lease liability calculations against the lease contracts, paying special attention to cash outflows other than rental amounts which the contracts could contain and to the renewal options. - We have reviewed management assumptions, specifically on the determination of the discount rates utilised, the interpretation and the application of the various termination and/or renewal clauses for each lease, ensuring that the assumptions regarding renewal options were not unreasonable. - We recomputed the right-of-use asset and lease liability for each lease contract (including sensitivity analysis) through the use of subject matter specialists. - We assessed the adequacy of the disclosures of the impact of the new standard in the consolidated financial statements.

Independent Auditor's Report (Continued)

To the members of Innodis Limited

Other Information

The directors are responsible for the other information. The other information comprises the corporate governance report, statutory disclosures and the Company Secretary's Certificate as required by the Companies Act 2001, which we obtained prior to the date of this auditor's report but does not include the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after that date.

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 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 2004, complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (Continued)

To the members of Innodis Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of our report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG, F.C.A,
Licensed by FRC

Date: 28 September 2020

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

For the year ended 30 June 2020

		Consolidated		Separate	
		2020	2019	**2020**	2019
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Revenue	7	**4,494,873**	4,410,723	**2,665,634**	2,598,302
Profit from operating activities	8	**183,403**	214,901	**118,983**	152,716
Finance income	10	**9,458**	17,262	**2,603**	22,718
Finance costs	10	**(91,825)**	(66,381)	**(57,560)**	(46,044)
Expected credit loss allowances	5	**(11,603)**	(10,877)	**(5,652)**	(2,501)
Impairment of investment in subsidiary		**-**	-	**-**	(228,340)
Profit/(loss) before income tax		**89,433**	154,905	**58,374**	(101,451)
Income tax expense	11	**(23,684)**	(19,656)	**(6,899)**	(12,085)
Profit/(loss) for the year		**65,749**	135,249	**51,475**	(113,536)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss on retirement benefit obligations	27	**(78,127)**	(13,776)	**(51,249)**	(6,370)
Deferred tax on retirement benefit obligations	28	**13,216**	2,277	**8,712**	1,083
		(64,911)	(11,499)	**(42,537)**	(5,287)
Items that are or may be reclassified to profit or loss					
Foreign currency translation arising on foreign operations		**3,970**	(3,887)	**-**	-
Other comprehensive loss for the year		**(60,941)**	(15,386)	**(42,537)**	(5,287)
Total comprehensive income/(loss) for the year		**4,808**	119,863	**8,938**	(118,823)

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 30 June 2020

		Consolidated		Separate	
		2020	2019	**2020**	2019
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit attributable to:					
Owners of the Company		**56,059**	111,651		
Non-controlling interest		**9,690**	23,598		
Profit for the year		**65,749**	135,249		
Total comprehensive income attributable to:					
Owners of the Company		**(4,901)**	96,189		
Non-controlling interest		**9,709**	23,674		
Total comprehensive income for the year		**4,808**	119,863		
Earnings per share					
Basic/diluted earnings per share (Rs)	12	**1.53**	3.04		

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position

As at 30 June 2020

	Notes	Consolidated 2020 Rs'000	Consolidated 2019 Rs'000	Separate 2020 Rs'000	Separate 2019 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**1,808,774**	1,852,042	**299,384**	374,898
Right to use assets	13(a)	**270,709**	-	**117,941**	-
Intangible assets and goodwill	15	**21,044**	5,809	**-**	-
Bearer biological assets	20(b)	**3,369**	8,332	**-**	-
Other assets	19	**11,309**	11,745	**11,309**	11,745
Investment properties	14	**-**	-	**483,806**	491,796
Investments in subsidiaries	16(a)	**-**	-	**374,336**	374,336
Equity- accounted investees	17	**1,126**	1,126	**-**	-
Other investments	18	**25,088**	-	**25,088**	-
Deferred tax assets	28	**1,901**	4,726	**-**	-
Total non-current assets		**2,143,320**	1,883,780	**1,311,864**	1,252,775
Current assets					
Inventories	20(a)	**969,006**	872,839	**605,213**	585,937
Bearer biological assets	20(b)	**41,756**	48,899	**-**	-
Consumable biological assets	20(b)	**74,823**	73,590	**-**	-
Trade and other receivables	21	**895,215**	811,143	**737,501**	739,441
Financial asset at fair value through profit or loss	23	**194**	1,592	**-**	-
Income tax receivable		**181**	5,925	**3,508**	4,764
Cash and cash equivalents	22	**72,766**	118,120	**22,801**	43,605
Total current assets		**2,053,941**	1,932,108	**1,369,023**	1,373,747
Total assets		**4,197,261**	3,815,888	**2,680,887**	2,626,522
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	24	**367,303**	367,303	**367,303**	367,303
Share premium	24	**5,308**	5,308	**5,308**	5,308
Revaluation reserve	24	**441,862**	448,988	**312,350**	317,656
Foreign currency translation reserve		**(14,475)**	(18,426)	**-**	-
Retained earnings		**803,487**	847,453	**589,844**	617,840
Total equity attributable to owners of the Company		**1,603,485**	1,650,626	**1,274,805**	1,308,107
Non-controlling interests	16(b)	**253,512**	243,803	**-**	-
Total shareholders' equity		**1,856,997**	1,894,429	**1,274,805**	1,308,107

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position (Continued)

As at 30 June 2020

	Notes	Consolidated 2020 Rs'000	Consolidated 2019 Rs'000	Separate 2020 Rs'000	Separate 2019 Rs'000
Non-current liabilities					
Borrowings	25	**70,508**	11,000	**-**	-
Lease liabilities *	26	**191,666**	61,752	**63,110**	34,041
Other payables		**4,914**	-	**-**	-
Retirement benefit obligations	27	**159,588**	87,782	**78,143**	34,850
Deferred tax liabilities	28	**82,983**	88,256	**4,971**	10,498
Total non-current liabilities		**509,659**	248,790	**146,224**	79,389
Current liabilities					
Bank overdrafts	22	**623,372**	451,720	**441,487**	341,418
Borrowings	25	**772,951**	830,585	**519,873**	634,118
Lease liabilities *	26	**68,495**	23,801	**43,021**	17,266
Trade and other payables	29	**365,787**	366,563	**255,477**	246,224
Total current liabilities		**1,830,605**	1,672,669	**1,259,858**	1,239,026
Total liabilities		**2,340,264**	1,921,459	**1,406,082**	1,318,415
Total equity and liabilities		**4,197,261**	3,815,888	**2,680,887**	2,626,522

* For FY 2019, lease liabilities include finance leases and for FY 2020 this included lease liabilities as required by IFRS 16

Approved by the Board on 28 September 2020 and signed on its behalf by:

Mr Victor Seeyave
Chairperson of the Board

Mr Jean-Pierre Lim Kong
Director

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity

For the year ended 30 June 2020

Consolidated	Share Capital	Share premium	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total Shareholders' Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2018	367,303	5,308	454,903	(14,314)	817,971	1,631,171	236,417	1,867,588
Effect of adoption of new accounting standards	-	-	-	-	(10,371)	(10,371)	-	(10,371)
At 1 July 2018 (restated)	367,303	5,308	454,903	(14,314)	807,600	1,620,800	236,417	1,857,217
Total comprehensive income for the year								
Profit for the year	-	-	-	-	111,651	111,651	23,598	135,249
Other comprehensive income								
Foreign currency translation difference – foreign operations	-	-	-	(4,112)	-	(4,112)	225	(3,887)
Deferred tax on revaluation reserve (Note 28)	-	-	1,211	-	(1,211)	-	-	-
Deferred tax on retirement benefit obligations (Note 28)	-	-	-	-	1,960	1,960	317	2,277
Actuarial gain on retirement benefit obligations (Note 27)	-	-	-	-	(11,722)	(11,722)	(2,054)	(13,776)
Revaluation reserve released (Note 24)	-	-	(7,126)	-	7,126	-	-	-
Total other comprehensive income	-	-	(5,915)	(4,112)	(3,847)	(13,874)	(1,512)	(15,386)
Total comprehensive income for the year	-	-	(5,915)	(4,112)	107,804	97,777	22,086	119,863
Transaction with owners, recorded directly in equity								
Dividend	-	-	-	-	(67,951)	(67,951)	(14,700)	(82,651)
Balance as at 30 June 2019	**367,303**	**5,308**	**448,988**	**(18,426)**	**847,453**	**1,650,626**	**243,803**	**1,894,429**

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity (Continued)

For the year ended 30 June 2020

Consolidated	Share Capital	Share premium	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total Shareholders' Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2019	367,303	5,308	448,988	(18,426)	847,453	1,650,626	243,803	1,894,429
Total comprehensive income for the year								
Profit for the year	-	-	-	-	56,059	56,059	9,690	65,749
Other comprehensive income								
Foreign currency translation difference – foreign operations	-	-	-	3,951	-	3,951	19	3,970
Deferred tax on retirement benefit obligations (Note 28)	-	-	-	-	13,216	13,216	-	13,216
Actuarial loss on retirement benefit obligations (Note 27)	-	-	-	-	(78,127)	(78,127)	-	(78,127)
Revaluation reserve released (Note 24)	-	-	(7,126)	-	7,126	-	-	-
Total other comprehensive income	-	-	(7,126)	3,951	(57,785)	(60,960)	19	(60,941)
Total comprehensive income for the year	-	-	(7,126)	3,951	(1,726)	(4,901)	9,709	4,808
Transaction with owners, recorded directly in equity								
Dividend	-	-	-	-	(42,240)	(42,240)	-	(42,240)
Balance as at 30 June 2020	**367,303**	**5,308**	**441,862**	**(14,475)**	**803,487**	**1,603,485**	**253,512**	**1,856,997**

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity (Continued)

For the year ended 30 June 2020

Separate	Share Capital	Share premium	Revaluation reserve	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2018	367,303	5,308	322,060	829,847	1,524,518
Effect of adoption of new accounting standards	-	-	-	(29,637)	(29,637)
At 1 July 2018 (restated)	367,303	5,308	322,060	800,210	1,494,881
Total comprehensive income for the year					
Loss for the year	-	-	-	(113,536)	(113,536)
Other comprehensive income					
Deferred tax on revaluation reserve released	-	-	902	(902)	-
Deferred tax on retirement benefit obligations (Note 28)	-	-	-	1,083	1,083
Actuarial gain on retirement benefit obligations (Note 27)	-	-	-	(6,370)	(6,370)
Revaluation reserve released (Note 24)	-	-	(5,306)	5,306	-
Total other comprehensive income	-	-	(4,404)	(883)	(5,287)
Total comprehensive income for the year	-	-	(4,404)	(114,419)	(118,823)
Transaction with owners, recorded directly in equity					
Dividend	-	-	-	(67,951)	(67,951)
Balance as at 30 June 2019	367,303	5,308	317,656	617,840	1,308,107

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity (Continued)

For the year ended 30 June 2020

Separate	Share Capital	Share premium	Revaluation reserve	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2019	367,303	5,308	317,656	617,840	1,308,107
Total comprehensive income for the year					
Profit for the year	-	-	-	51,475	51,475
Other comprehensive income					
Deferred tax on retirement benefit obligations (Note 28)	-	-	-	8,712	8,712
Actuarial loss on retirement benefit obligations (Note 27)	-	-	-	(51,249)	(51,249)
Revaluation reserve released (Note 24)	-	-	(5,306)	5,306	-
Total other comprehensive income	-	-	(5,306)	(37,231)	(42,537)
Total comprehensive income for the year	-	-	(5,306)	14,244	8,938
Transaction with owners, recorded directly in equity					
Dividend	-	-	-	(42,240)	(42,240)
Balance as at 30 June 2020	367,303	5,308	312,350	589,844	1,274,805

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

For the year ended 30 June 2020

	Note	Consolidated 2020 Rs'000	Consolidated 2019 Rs'000	Separate 2020 Rs'000	Separate 2019 Rs'000
Operating activities					
Profit/(loss) after income tax expense		**65,749**	135,249	**51,475**	(113,536)
Adjustments for:					
Depreciation	13	**118,396**	123,351	**47,506**	55,033
Change in fair value of biological assets		**13,978**	(8,550)	**-**	-
Depreciation right to use	13(a)	**70,314**	-	**42,767**	-
Amortisation of other assets	19	**436**	202	**436**	202
Impairment of intangible assets		**973**	-	**-**	-
Depreciation of investment property	14	**-**	-	**7,990**	7,990
Impairment of subsidiaries	16(a)	**-**	-	**-**	213,134
Loss in fair value of other investments		**-**	209	**-**	209
Profit on disposal of property, plant and equipment	8	**(1,287)**	(1,088)	**(1,113)**	(762)
Interest income	10	**(9,458)**	(17,262)	**(2,603)**	(21,311)
Interest expense	10	**91,825**	66,381	**57,560**	46,044
Dividend income	8	**-**	-	**(46,000)**	(60,175)
Income tax expense		**23,684**	19,656	**6,899**	12,085
Expected credit loss allowances		**11,603**	10,877	**5,652**	2,501
Write off of receivables		**6,117**	-	**6,117**	
Movement in retirement benefit obligations		**(6,322)**	(2,499)	**(7,957)**	(5,273)
Unrealised exchange (gain)/loss		**1,398**	-	**-**	-
		387,406	326,926	**168,729**	136,141
Movement in working capital					
Changes in inventories		**(96,167)**	(49,251)	**(19,276)**	(71,826)
Changes in trade and other receivables		**(84,072)**	(22,710)	**1,940**	(95,581)
Changes in trade and other payables		**(776)**	(20,540)	**9,253**	87,121
		206,391	234,025	**160,646**	55,855
Income tax paid/refund		**(5,155)**	(5,577)	**(4,351)**	6,230
Interest received		**9,458**	17,262	**2,603**	21,311
Interest paid		**(91,825)**	(66,381)	**(57,560)**	(46,044)
Net cash generated from operating activities		**118,869**	228,448	**101,338**	62,085

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows (Continued)

For the year ended 30 June 2020

	Note	Consolidated 2020 Rs'000	Consolidated 2019 Rs'000	Separate 2020 Rs'000	Separate 2019 Rs'000
Investing activities					
Acquisition of other investment		**(25,088)**	-	**(25,088)**	-
Proceeds from disposal of property, plant and equipment		**7,472**	3,098	**2,927**	788
Dividend received		**-**	-	**52,525**	44,875
Receipt of government grants		**4,914**	-	**-**	-
Acquisition of intangible assets		**(13,133)**	-	**-**	-
Acquisition of property, plant and equipment	13	**(182,738)**	(167,171)	**(32,172)**	(45,431)
Net cash (used in)/from investing activities		**(208,573)**	(146,811)	**(1,808)**	21,543
Financing activities					
Loan received from vehicles financing		**-**	31,658	**-**	-
Payment of principal portion of lease liabilities[1]	26	**(57,017)**	(21,135)	**(38,208)**	(19,678)
Loans received	5	**300,755**	1,214,475	**-**	459,118
Loans repayment	5	**(298,881)**	(1,147,206)	**(114,245)**	(431,758)
Dividends paid to equity holders of the parent	5	**(75,300)**	(82,651)	**(67,950)**	(67,951)
Net cash used in financing activities		**(130,443)**	(71,240)	**(220,403)**	(106,313)
Net (decrease) / increase in cash and cash equivalents		**(220,147)**	10,397	**(120,873)**	(22,685)
Effects of exchange rate fluctuations on cash and cash equivalents		**3,141**	(4,890)	**-**	-
Cash and cash equivalents at beginning of year		**(333,600)**	(339,107)	**(297,813)**	(275,128)
Cash and cash equivalents at end of year		**(550,606)**	(333,600)	**(418,686)**	(297,813)
Cash and cash equivalents consist of:					
Cash and bank balances		**72,766**	118,120	**22,801**	43,605
Bank overdrafts		**(623,372)**	(451,720)	**(441,487)**	(341,418)
		(550,606)	(333,600)	**(418,686)**	(297,813)

[1] The comparative figure for FY 2019 include repayment of finance lease.

The notes on pages 058 to 134 form part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

1. REPORTING ENTITY

Innodis Ltd (the "Company") is a public company domiciled in Mauritius. The address of the registered office is at Innodis Building, Caudan, Port Louis. The main activities of the Group and the Company are production of poultry and dairy products, poultry farming, animal feed manufacturing, rice milling, distribution and marketing of food and grocery products.

The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (together referred as the "Group") and the separate financial statements of the parent company (the "Company").

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated and separate financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and in compliance with requirements of the Companies Act 2001 and the Financial Reporting Act.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared under the historical cost basis except for the following material items in the consolidated and separate statements of financial position:

- Consumable biological assets (breeders, broilers and hatchable eggs) are measured at fair value less costs to sell;
- The liability for retirement benefit obligations is recognised as the present value of defined obligations less the net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses;
- Land and buildings are measured at revalued amounts; and
- Financial asset at fair value through profit or loss measured at fair value.

(c) Functional and presentation currency

These consolidated and separate financial statements are presented in thousands of Mauritian Rupees (Rs'000), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. All group entities have Mauritian Rupees as their functional currency except for the following subsidiaries:

Subsidiaries	*Functional currency*
Moçambique Farms Limitada	Mozambican Metical (MZN)
Meaders (Seychelles) Ltd	Seychellois Rupee (SCR)

(d) Use of estimates and judgements

In preparing these consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

2. BASIS OF PREPARATION (CONTINUED)

(i) Judgements

In the process of applying the accounting policies, management has made the following judgement which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contract with customers

The Group enters into contracts with its contract growers for the supply of broilers. Under these contracts, the Group sells day-old chicks and feeds to those contract growers and repurchase the live broilers at killing age. The Group determined that control has not been transferred to the customer upon sale of those day-old chicks and feeds. Therefore, the Group determined that it is a principal in these contracts.

The Group has concluded that revenue for sale of finished goods, i.e. chilled or frozen chicken is to be recognized at a point in time, i.e. upon sale to their customers.

Wage Assistance Scheme

In light of the COVID-19 pandemic, Wage Assistance Scheme ("WAS") was introduced by the Government of Mauritius in March 2020 to assist local companies during the lock down period in the payment of salaries to employees. The scheme was extended till May 2020 and did not have any pre-conditions attached to it. Hence, the Group and the Company had recourse to the WAS in these periods and was allocated a total of Rs44.5M and Rs18.7M respectively. In May 2020, the Government introduced a levy through the COVID-19 (Miscellaneous Provisions) Act that would apply to all companies that have a chargeable income during the year the WAS was received.

The levy payable is the lower of the total amount received under the WAS or 15% of the chargeable income. The chargeable income for the purposes of the levy excludes tax losses brought forward from previous years. The levy for a company having an accounting period ending between 01 January 2021 and 30 April 2021 shall be payable in respect of the year of assessment commencing on 01 July 2021. A company is exempted from the payment of the levy if it is not liable to any income tax in the following years of assessment 2020-2021 and 2021-2022.

The Group and the Company have accounted for the WAS as a government grant as defined under IAS 20 as there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The Group and the Company have accounted the total WAS of Rs36.2M and Rs18.7M respectively as other income in the statement of profit or loss. In line with IFRIC 21: Levies, the Group and Company have recognised a liability for the Covid-19 Levy as the Group and Company have derived chargeable income of Rs16.8M and Rs4.6M respectively. As such, this has triggered a payment under IFRIC 21 as it has reached the minimum threshold of the lower of total amount received under the WAS and 15% of the leviable chargeable income.

Valuation of lease liabilities and right of use assets

The Group and Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and Company have the option, under some of its leases to lease the assets for additional terms of three to five years. The Group and Company apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group and Company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e. three to five years).

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(ii) Assumptions and estimation uncertainties

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.

The Group and Company make 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:

Provision for expected credit losses of trade receivables

The Group and Company applies a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risks, but instead recognises a loss allowance based on life time ECLs at each reporting date. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group and Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. Refer to note 5.

Fair value of biological assets

Biological assets are recorded at fair values less costs to sell. Biological assets consist of hatchable eggs, live broiler chicks and breeders. Fair value of the Group's biological assets was determined by using valuation techniques, as there were no observable market prices near the reporting date for biological assets of the same physical conditions. The determination of fair value is based on assumptions including mortality rates, hatchability rates, yield rate, expected hatchery eggs and expected cost incurred. Refer to note 20(b).

Leases - Estimating the incremental borrowing rate

The Group and Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating. See Note 26.

Retirement Benefits obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact on the carrying amount of pension obligations. The Group and Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

2. BASIS OF PREPARATION (CONTINUED)

(iii) Useful lives of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. The estimates of useful lives and residual values carry a degree of uncertainty. Management have used historical information relating to the Group and Company and the relevant industries in which the Group's and Company's entities operate in order to best determine the useful lives and residual values of property, plant and equipment.

(e) Changes in accounting policies and disclosures

IFRS 16 Leases

The Group and Company applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2019 but did not have an impact on the consolidated financial statements of the Group. The Group and Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

	Effective for accounting period beginning on or after
IFRS 16 – Leases	1 January 2019

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in the Group and the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as having a remaining lease term of less than 12 months from the date of initial application.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using either a full or modified retrospective approach. The Group and the Company has elected to apply the modified retrospective approach.

Classification and measurement

The Group and the Company has lease contracts for buildings, machinery, and other equipment. Before the adoption of IFRS 16, the Group and the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group and the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

Leases previously classified as finance leases

The Group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to all leases from 1 July 2019.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

2. BASIS OF PREPARATION (CONTINUED)

(e) Changes in accounting policies and disclosures (continued)

IFRS 16 Leases (Continued)

Leases previously accounted for as operating leases

The Group and the Company recognised right-of-use assets and lease liabilities for all leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets relating to Property, plant and equipment were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used different discount rates to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The significant judgements in the implementation were determining if a contract contained a lease, and the determination of whether the Group is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates in the respective economic environments.

Group as a lessee

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and low value assets

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

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

2. BASIS OF PREPARATION (CONTINUED)

Lease liabilities

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

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The significant estimates were the determination of incremental borrowing rates in the respective economic environment. The weighted average discount rate applied to lease liabilities under transition date 01 July 2019 was 4.5% for the Company and 5.25% for the Group.

The below table reconciles the previously disclosed operating lease commitments to the lease liabilities recognised on 01 July 2019.

	CONSOLIDATED	SEPARATE
	Rs'000	Rs'000
Operating lease commitments as at 30 June 2019	360,223	261,003
Weighted average incremental borrowing rate as at 1 July 2019	5.25%	4.5%
Discounted operating lease commitments at 1 July 2019	228,863	93,032
Less: Commitments relating to short-term leases	(2,300)	-
Add: Commitments relating to leases previously classified as finance leases	85,553	51,307
Lease liabilities as at 1 July 2019	312,116	144,339

(f) New and revised standards and interpretations issued but not yet effective

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

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 17 Insurance Contracts	1 January 2023
Amendments	
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Definition of Material - Amendments to IAS 1 and IAS 8	1 January 2020
Amendments to IFRS 16 Covid-19 Related Rent Concessions	1 June 2020

These amendments are not expected to have a significant impact on the financial statements of the Group and Company.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements.

(a) Basis of consolidation

(i) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries are in line with Group accounting. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

In the Company's separate financial statements, investments in subsidiaries are measured at cost. The carrying amount is reduced if there is any indication of impairment in value.

A list of the principal subsidiaries is shown in Note 16(a).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The accounting policies with respect to business combinations are set out in Note 3(f) (i).

(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary with any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a financial asset depending on level of influence retained.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies.

Interests in equity-accounted investees are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, these consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases. As described in note 17, the interest in the associated entities have not been equity accounted as it would lead cause undue cost and moreover these entities are not considered as material to the Group.

(vi) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated and separate financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investments to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Mauritian Rupee at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Mauritian Rupee at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of a net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Financial assets

Initial recognition and measurement

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

The Group's financial assets include cash in hand at banks, trade and other receivables, other investments, and other financial assets.

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group includes in this category cash and cash equivalents, non-current receivables and trade receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes forward contracts.

Derecognition

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

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

Or

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

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables with third parties. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

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

The Group considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off after one year when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

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

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

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

(iii) Financial liabilities

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit or loss.

Derecognition

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

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

(d) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Following initial recognition at cost, freehold land and buildings are revalued on every 5 years. Any revaluation surplus is credited to revaluation reserve as part of other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same recognised in the asset revaluation reserve. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired, that is, its carrying amount may be higher than its recoverable amount. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated.

(ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and to the Company. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The depreciation rates for the current and comparative periods are as follows:

Asset Category		Rate of Depreciation
a.	Freehold Land	Nil
b.	Freehold Buildings	2% - 5% p.a
c.	Plant and Machinery	4% - 33% p.a
d.	Furniture and office Equipment	10 - 33% p.a
e.	IT and Computer Equipment	25 - 33% p.a
f.	Motor Vehicles	6% - 15% p.a
g.	Laboratory Equipment	10% p.a
h.	Freezers	15% p.a
i.	Crates	25% p.a
j.	Work in Progress	Nil

Rice milling equipment is depreciated on the basis of machine usage.

Freehold land and work-in-progress are not depreciated.

Work-in-progress relates to:

- extension of premises and will be transferred to buildings once work is completed.
- acquisition of plant and machinery which will be transferred once available for use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes accounted for as a change in estimates.

(iv) Disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit and loss. At the time of disposal of the assets, any revaluation surpluses are transferred to retained earnings from revaluation reserve.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets and goodwill

Other intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Group and the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. These represent trademarks and licences.

(ii) Subsequent expenditure

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

(iii) Derecognition

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

(iv) Amortisation

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

A summary of the policies applied to the Group's and the Company's intangible assets is as follows for the current and comparative periods:

	Computer software and distribution rights	Brand and licences
Useful lives	3 years	5 - 20 years
Amortisation method used	Amortised on a straight line basis over its estimated useful life	Amortised on a straight line basis over its estimated useful life
Internally generated or acquired	Acquired	Acquired

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets and goodwill

Goodwill

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable amounts are determined based on value-in-use calculations using cash flow projections.

(g) Biological assets

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

The Group recognises a biological asset or agricultural produce when the Group controls the asset as a result of past events, it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

Biological assets are stated at fair value less estimated costs to sell at both initial recognition and as of the reporting date, with any results recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

There are two types of biological assets:

- Bearer biological assets consist of breeding stock of chickens which are kept for laying hatchable eggs, including grandparent breeding, parent-rearing and laying stock. The fair value of breeders is determined by reference to the cash flows that will be obtained from sales of hatchery eggs, with an allowance for costs to be incurred and risks to be faced during the remaining productive period.
- Consumable biological assets consist of hatchable eggs and live broiler chicks that are raised specifically for meat production. Consumable biological assets are measured at fair value less estimated costs to sell at year end, with gains and losses arising from changes in the fair values recorded in profit or loss for the period in which they arise. The determination of fair value is based on active market values, where appropriate, or management's assessment of the fair value based on available data and benchmark statistics. These have been further elaborated in Note 4(a).

All the expenses incurred in establishing and maintaining the biological assets are recognised in profit or loss. All costs incurred in acquiring biological assets are capitalised.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Other assets

Other assets are premiums paid on registration of leasehold land. Premiums paid on acquisition of leasehold land are amortised over the lease terms.

(i) Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction cost. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The depreciation rate for investment property is 2%.

(j) Leased assets

The Group and the Company as lessee

Policy before 01 July 2019 – IAS17

Leased assets

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, a leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease

An operating lease is a lease other than a finance lease.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leased assets (Continued)

The Group and the Company as lessor

Leases where the Group and the Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs in negotiating an operating lease are added to the carrying amount of the leases asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy after 01 July 2019 – IFRS 16

The Group and the Company as Lessee

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use assets are measured at cost for those which are classified under property, plant & equipment, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The right-of-use asset which are classified as Investment Properties are measured at fair value. Initial cost is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent re-measurements are taken to profit or loss.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group and the Company as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and consumables: purchase cost on an average cost basis and standard costs in relevant companies.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts are initially classified as inventory. When a replacement is made to an existing asset, these are then expensed out or reclassified as PPE depending on their value. Only spare parts above MUR 5,000 are capitalised upon repairs.

The amount of any write down inventories to net realisable value is recognised as an expense in the period the write down occurs.

(l) Impairment of non-financial asset

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

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

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

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

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial asset (Continued)

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

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

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

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

(m) Employee benefits obligations

(i) Retirement benefits obligations

The Group and the Company operate various pension schemes. The schemes are generally funded through payments to trustees-administered funds, determined by annual actuarial calculations. The Group and the Company have both defined contribution plan and defined benefit plan.

Defined Contribution plans

The Group and the Company maintains a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plan

The Group and the Company is required under the Workers' Rights Act 2019 (the "WRA") to make a statutory gratuity payment to employees retiring after continuous employment with the Group and the Company for a period of 12 months or more. The employee needs to have reached retirement age as prescribed by the WRA to be eligible for the gratuity payment.

The Group and the Company calculates its net obligations in respect of defined benefit pension plans arising from the WRA for employees by estimating the amount of future benefit that its employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value. The discount rate is the yield at the end of the reporting period. The net present value of gratuity on retirement payable under the WRA is calculated by qualified actuaries (MUA Life Ltd) using the projected unit credit method on a yearly basis.

The Group and the Company is eligible to deduct employer's share of contributions from the above defined benefit contribution maintained by the Group and the Company to the extent as prescribed by the WRA, which may or may not leave a residual liability to be provided for in the financial statements. The obligations arising under this item are not funded.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with the Workers' Rights Act, the amounts deductible are:

- half the lump sum payable from the defined contribution scheme, based on employer's contribution;
- five times the amount of any annual pension payable at the retirement age due from the defined contribution, based on employer's contribution;
- any other gratuity granted at the retirement age; and
- ten times the amount of any other annual pension granted at the retirement age.

State pension plan

Contributions to the National Pension Fund are expensed in profit or loss.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other benefits

Employee entitlement to annual leave and other benefits are recognised as and when they accrue to the employees.

(n) Revenue

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

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates. The rights to volume rebates give rise to variable consideration.

The Group provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. A debit note is received from the customers.

To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue (continued)

Commercial income

The Company received income from suppliers as marketing incentives and these are recognised in other income. Under IFRS 15, these incomes should be recognised as a deduction in cost of sales as there are no distinct services being provided by the Company.

Contract assets

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Notes 3(c) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

Management fee income

Revenue from rendering of services consists of management fees which is recognised in accordance with the substance of the relevant agreement.

Investment property rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(o) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's and the Company's right to receive payment is established, which in case of quoted securities is the ex-dividend date.

(p) Finance income and finance costs

Finance income comprises interest income, foreign exchange gains and the reclassification of net gains or losses previously recognised in other comprehensive income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on loans and borrowings, overdrafts and finance leases. Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends, Government grants and subsidies.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and if it relates to the same taxation authority.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group and the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group and Company expect at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset only if the following criteria are met:

(a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax expense (continued)

Corporate Social Responsibility (CSR)

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax recognised in profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current year is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

(r) Current versus non-current classification

The Group and the Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(s) Government Grant

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

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

4. DETERMINATION OF FAIR VALUES

A number of the Group's and Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value is the the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(a) Fair value hierarchy

The Group and the Company classify financial instruments measured at fair values using the following fair value hierarchy that reflect the significance of the inputs used in making the measurements:

- Level 1: Quoted (unadjusted) prices in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Measurement of fair values and valuation techniques used for property plant and equipment and biological assets have been detailed in Note 13 and 20(b) respectively.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and cash equivalents that are derived directly from its operations.

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group Audit and Risk Committee oversees how management monitors compliance with the Group's and the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company. The Group Audit and Risk Committee is assisted in its role by the Internal Audit. Internal Audit Manager who undertakes both regular and adhoc reviews of risk management controls and procedures and the results of which are reported to the Audit and Risk Committee.

This note presents information about the Group's and the Company's exposure to each of the above risks, the Group's and the Company's objectives, policies and processes for measuring and managing risk, and the Group's and the Company's management of capital. Quantitative disclosures have also been included.

(i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract as and when they fall due leading to a financial loss. Credit risk is managed on a Group basis and arises principally from the Group's and the Company's operating activities (primarily trade receivables).

Loans and advances to subsidiaries

The Company manages its credit risk with regards to loans to subsidiaries by actively monitoring the operations and financial performance of its subsidiaries.

The maximum exposure to credit risk is represented by the carrying amount of the loans to subsidiaries in the separate financial statements.

Trade and other receivables

Trade receivables comprise a large, widespread customer base. These risks are controlled by the application of credit limits, credit controlling procedures and credit insurance.

The Group and the Company do not require collateral in respect of trade and other receivables.

The Group and the Company establish an allowance for impairment that represents their estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a known loss component based on historical data for similar financial assets.

The Group and the Company have no significant concentrations of credit risk. The Group's and the Company's policies ensure that the vetting criteria including internal ratings take into consideration economic realities. These ratings do not preclude the monitoring of outstanding debts continuously and relevant diminution in value recognised as and when they become apparent. The maximum exposure to credit risk is represented by the carrying amount of the trade and other receivables in the consolidated and separate statements of financial position.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2020, the credit risk exposure on the Group's trade receivables was as follows:

Consolidated	Total	< 30 days	31 – 60 days	61 – 90 days	>90 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020					
Estimated total gross carrying amount at default	791,861	428,047	228,795	27,152	107,865
Expected credit loss	(63,433)	(1,407)	(853)	(872)	(60,301)
	728,428	426,640	227,942	26,280	47,564
2019					
Estimated total gross carrying amount at default	665,709	310,840	197,118	42,874	114,877
Expected credit loss	(64,558)	(2,817)	(3,023)	(2,493)	(56,225)
	601,151	308,023	194,095	40,381	58,652

Separate	Total	< 30 days	31 – 60 days	61 – 90 days	>90 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020					
Estimated total gross carrying amount at default	514,768	258,972	176,496	22,699	56,600
Expected credit loss	(5,652)	(399)	(92)	(119)	(5,041)
	509,116	258,572	176,404	22,579	51,558
2019					
Estimated total gross carrying amount at default	455,426	209,787	167,532	31,070	47,037
Expected credit loss	(12,728)	(503)	(938)	(296)	(10,991)
	442,698	209,284	166,594	30,774	36,046

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July	64,558	47,437	12,728	6,284
Effect of adopting IFRS 9	-	7,122	-	3,943
Charge for the year	11,603	10,877	5,652	2,501
Recovered	-	(660)	-	-
Reversal	(12,728)	(218)	(12,728)	-
Balance at 30 June	63,433	64,558	5,652	12,728

Cash and cash equivalents

Cash and cash equivalents are held in a number of reputable financial institutions. Accordingly, the Group and the Company have no significant concentration of credit risk with respect to cash and cash equivalents.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

The Group's and the Company's liquidity risk consist mainly of the amount borrowed from time to time. The details of borrowings are disclosed in Note 25. The Group and the Company have credit facilities from its bankers and these facilities are reviewed on an annual basis.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated	Contractual cash flows				
	Carrying value	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2020					
Bank overdrafts	623,372	623,372	-	-	623,372
Borrowings	843,459	772,951	-	70,508	843,459
Lease liabilities	260,161	104,818	44,704	118,900	268,422
Trade and other payables	366,614	366,614	-	-	366,614
	2,093,606	1,867,755	44,704	189,408	2,101,867

Consolidated	Contractual cash flows				
	Carrying value	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2019					
Bank overdrafts	451,720	451,720	-	-	451,720
Borrowings	841,585	841,585	-	-	841,585
Lease Liabilities[1]	85,553	42,712	45,146	32,215	120,073
Trade and other payables	366,563	366,563	-	-	366,563
	1,745,421	1,702,580	45,146	32,215	1,779,941

[1] Lease liabilities for FY 2019 relate to finance leases.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

Separate	Contractual cash flows				
	Carrying value	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2020					
Bank overdrafts	441,487	441,487	-	-	441,487
Borrowings	519,873	519,873	-	-	519,873
Lease Liabilities	106,131	81,470	22,573	4,864	108,907
Trade and other payables	255,477	255,477	-	-	255,477
	1,322,968	1,298,307	22,573	4,864	1,325,744

Separate	Contractual cash flows				
	Carrying value	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2020					
Bank overdrafts	341,418	341,418	-	-	341,418
Borrowings	634,118	634,118	-	-	634,118
Lease liabilities[1]	51,307	44,449	25,595	9,556	79,600
Trade and other payables	246,224	246,224	-	-	246,224
	1,273,067	1,266,209	25,595	9,556	1,301,360

[1] Lease liabilities for FY 2019 relate to finance leases.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Changes in liabilities arising from financing activities:

Consolidated	01-Jul-19	Cash flows	Foreign exchange movement	New leases	Other	30-Jun-20
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Loans	841,584	1,875	-	-	-	843,459
Lease liabilities	85,554	(79,238)	-	12,371	241,474	260,161
Dividends payable	44,080	(75,300)	-	-	35,513	4,293
Total liabilities from financing activities	971,218	(152,663)	-	12,371	276,987	1,107,913

Consolidated	01-Jul-18	Cash flows	Foreign exchange movement	New leases	Other	30-Jun-19
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Loans	772,225	67,270	2,089	-	-	841,584
Lease liabilities[1]	49,584	10,533	-	25,437	-	85,554
Dividends payable	46,530	(82,651)	-	-	80,201	44,080
Total liabilities from financing activities	868,339	(4,848)	2,089	25,437	80,201	971,218

[1] Lease liabilities for FY 2019 relate to finance leases.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Changes in liabilities arising from financing activities: (continued)

Separate	01-Jul-19	Cash flows	New leases	Other	30-Jun-20
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Loans	634,118	(114,245)	-	-	519,873
Lease liabilities[1]	51,307	(50,353)	9,310	95,867	106,131
Dividends payable	36,730	(67,950)	-	42,863	11,643
Total liabilities from financing activities	722,155	(232,548)	9,310	138,730	637,647

Separate	01-Jul-18	Cash flows	New leases	Other	30-Jun-19
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Loans	606,758	27,360	-	-	634,118
Lease liabilities[1]	47,705	(19,678)	23,280	-	51,307
Dividends payable	36,730	(67,951)	-	67,951	36,730
Total liabilities from financing activities	691,193	(60,269)	23,280	67,951	722,155

[1] Lease liabilities for FY 2019 relate to finance leases.

(iv) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group and the Company are exposed to currency risks from their imports both for their commercial and production activities. As such, they are subject to risks from changes in currency values that could affect earnings. Given the limited availability of financial instruments locally, short term transaction risks arising from currency fluctuations are not hedged.

Subject to cost and availability of finance, the Group and the Company aim to minimise their foreign exposure by borrowing in local currency.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The currency profile of the financial assets and liabilities is summarised as follows:

	Consolidated		Separate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Australian Dollar	969	3,139	969	3,139
Euro	7,381	23,877	5,919	13,674
Mauritian Rupee	905,947	1,720,982	732,517	1,141,421
Pound Sterling	-	1,471	-	1,471
South African Rand	3,166	23,398	3,166	16,764
United States Dollar	35,313	46,715	17,731	40,370
Seychelles Rupee	5,973	466	-	-
Mozambican Metical	7,231	13,397	-	-
	965,980	1,833,445	760,302	1,216,837

	Consolidated		Separate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2019				
Australian Dollar	875	-	875	-
Euro	14,186	26,530	13,106	17,934
Mauritian Rupee	744,235	1,641,400	683,508	1,225,816
Pound Sterling	-	-	-	-
South African Rand	31,280	15,972	31,280	12,288
United States Dollar	68,820	36,508	26,921	17,029
Seychelles Rupee	15,508	10,337	-	-
Mozambican Metical	15,181	14,674	-	-
	890,085	1,745,421	755,690	1,273,067

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

Foreign currency risk (continued)

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2020	2019	**2020**	2019
	Rs	Rs	Rs	Rs
Euro	**41.87**	40.91	**45.70**	40.81
Australian Dollar	**25.78**	25.33	**28.15**	25.16
South African Rand	**2.48**	2.53	**2.39**	2.58
United States Dollar	**37.79**	36.05	**40.61**	36.01
Mozambican Metical	**0.52**	0.54	**0.55**	0.59
Seychelles Rupee	**2.52**	2.61	**2.61**	2.61
Pound Sterling	**47.73**	45.68	**50.05**	45.50

Foreign currency sensitivity analysis

Foreign exchange risk arises from changes in foreign exchange rates. Fluctuations in the above currencies by 10% would result in a gain or loss recognised in profit or loss and equity as shown below. The analysis does not take the currency positions that are denominated in the functional currencies of relevant operations because they do not create any foreign currency exposure. Also, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not represent the exposure during the year.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Consolidated					
	Appreciation/ (depreciation) in foreign exchange rates	**Effect on profit or loss**	**Effect on Equity**	Appreciation/ (depreciation) in foreign exchange rates	Effect on profit or loss	Effect on equity
	%	**Rs'000**	**Rs'000**	%	Rs'000	Rs'000
	2020	**2020**	**2020**	2019	2019	2019
United States Dollar	**10**	**(1,140)**	**1,140**	10	3,231	(3,231)
	(10)	**1,140**	**(1,140)**	(10)	(3,231)	3,231
South African Rand	**10**	**(2,023)**	**2,023**	10	1,531	(1,531)
	(10)	**2,023**	**(2,023)**	(10)	(1,531)	1,531
Euro	**10**	**(1,650)**	**1,650**	10	(1,234)	1,234
	(10)	**1,650**	**(1,650)**	(10)	1,234	(1,234)
Mozambican Metical	**(10)**	**(617)**	**617**	10	51	(51)
	10	**617**	**(617)**	(10)	(51)	51
Australian Dollar	**10**	**(217)**	**217**	10	88	(88)
	(10)	**217**	**(217)**	(10)	(88)	88
Pound Sterling	**10**	**(147)**	**147**	10	-	-
	(10)	**147**	**(147)**	(10)	-	-
Seychelles Rupee	**10**	**551**	**(551)**	10	517	(517)
	(10)	**(551)**	**551**	(10)	(517)	517

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis (continued)

	Separate					
	Appreciation/ (depreciation) in foreign exchange rates	**Effect on profit or loss**	**Effect on Equity**	Appreciation/ (depreciation) in foreign exchange rates	Effect on profit or loss	Effect on equity
	%	**Rs'000**	**Rs'000**	%	Rs'000	Rs'000
	2020	**2020**	**2020**	2019	2019	2019
United States Dollar	**10**	**(2,264)**	**2,264**	10	989	(989)
	(10)	**2,264**	**(2,264)**	(10)	(989)	989
South African Rand	**10**	**(1,360)**	**1,360**	10	1,899	(1,899)
	(10)	**1,360**	**(1,360)**	(10)	(1,899)	1,899
Euro	**10**	**(775)**	**775**	10	(483)	483
	(10)	**775**	**(775)**	(10)	483	(483)
Australian Dollar	**10**	**(217)**	**217**	10	88	(88)
	(10)	**217**	**(217)**	(10)	(88)	88

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's interest rate risk arises from loans and borrowings. Loans and borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. Loans and borrowings issued at fixed rates expose the Group and the Company to fair value interest rate risk.

The Group and the Company have an interest rate policy which aims at minimising the annual interest costs and to reduce volatility. Given the lack of a local bond market and the restricted capital market, the Group and the Company borrow mainly from banks, which are variable indexed to the prime lending rate. Fixed rate loans, especially of long duration, are not competitively priced by banks to allow a dynamic management of the risk. The policy is thus implemented broadly and cost of debt is managed by effective negotiation directly with banks and leasing companies.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The interest rate profile of the financial assets and financial liabilities of the Group and the Company at 30 June 2020 was:

Variable rate instruments

	Consolidated	**Separate**	**Consolidated and separate**	Consolidated	Separate	Consolidated and separate
	2020	**2020**	**2020**	2019	2019	2019
	Rs'000	**Rs'000**	**Interest Rate**	Rs'000	Rs'000	Interest Rate
Borrowings	**(843,459)**	**(519,873)**	**5.25%-7.65%**	(841,585)	(634,118)	3.25% -7.65%
Lease liabilities[1]	**(260,161)**	**(106,131)**	**5.25%-7.65%**	(85,553)	51,307	3.25% -7.65%
Bank overdrafts	**(623,372)**	**(441,487)**	**6.25%-17%**	(451,720)	(341,418)	5.25% -20.8%
Cash and cash equivalents	**72,766**	**22,801**	**2% -5%**	118,120	43,605	2% -3%

[1] Lease liabilities for FY 2019 relate to finance leases.

Interest rate sensitivity analysis

	Profit or loss		Equity	
Consolidated	**100bp Increase**	**100bp Decrease**	**100bp Increase**	**100bp Decrease**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
30-Jun-20				
Variable rate instruments:				
Interest on borrowings	**(8,435)**	**8,435**	**(8,435)**	**8,435**
Interest on lease liabilities	**(2,602)**	**2,602**	**(2,602)**	**2,602**
Interest on bank overdrafts	**(6,234)**	**6,234**	**(6,234)**	**6,234**
Interest on cash and cash equivalents	**728**	**(728)**	**728**	**(728)**
Cash flow sensitivity (net)	**(16,542)**	**16,542**	**(16,542)**	**16,542**
30-Jun-19				
Variable rate instruments:				
Interest on borrowings	(8,415)	8,415	(8,415)	8,415
Interest on lease liabilities	(856)	856	(856)	856
Interest on bank overdrafts	(4,517)	4,517	(4,517)	4,517
Interest on cash and cash equivalents	1,181	(1,181)	1,181	(1,181)
Cash flow sensitivity (net)	(12,607)	12,607	(12,607)	12,607

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

	Profit or loss		Equity	
Separate	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
30-Jun-20				
Variable rate instruments:				
Interest on borrowings	(5,199)	5,199	(5,199)	5,199
Interest on lease liabilities	(1,061)	1,061	(1,061)	1,061
Interest on bank overdrafts	(4,415)	4,415	(4,415)	4,415
Interest on cash and cash equivalents	228	(228)	228	(228)
Cash flow sensitivity (net)	(10,447)	10,447	(10,447)	10,447
30-Jun-19				
Variable rate instruments:				
Interest on borrowings	(6,341)	6,341	(6,341)	6,341
Interest on lease liabilities	(513)	513	(513)	513
Interest on bank overdrafts	(3,414)	3,414	(3,414)	3,414
Interest on cash and cash equivalents	436	(436)	436	(436)
Cash flow sensitivity (net)	(9,832)	9,832	(9,832)	9,832

The sensitivity analysis has been determined based on the exposure to interest rate for the financial liabilities as at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

Capital risk management

The Group's and Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company and Group monitor capital using a ratio of adjusted net debt to adjusted equity and net debt. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligation under finance leases, less cash and cash equivalents.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

Capital risk management (continued)

Gearing Ratio

	Consolidated		Separate	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Total borrowings and bank overdrafts	1,726,992	1,378,858	1,067,491	1,026,843
Less : Cash and bank balances	(72,766)	(118,120)	(22,801)	(43,605)
Net Debt	1,654,225	1,260,738	1,044,690	983,238
Total Equity	1,856,468	1,894,429	1,274,805	1,308,107
Gearing ratio	47%	39%	45%	43%

6. SEGMENT REPORTING

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately as they are subject to different technology and marketing strategies.

- Production Agro Business: poultry farming, distribution of chicken, manufacture and distribution of animal feeds.
- Distribution and others; food and non-food and grocery products;
- Production others: ice cream, yoghurt and rice & other frozen food items.

The Group's Chief Executive officer reviews the internal management reports of each division at least quarterly.

Inter-segment pricing is determined on normal commercial terms. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The following factors have been taken into consideration on determining the operating segment:

- The nature of the business activities of each component. Each operating segment has a distinct economic activity.
- The existence of managers responsible for the components. Each operating segment has a different manager, who is responsible for the financial results produced.
- For each operating segment, the results are presented separately to the Board.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

6. SEGMENT REPORTING (CONTINUED)

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Segment information

	Production Agro-Business	Production Others	Distribution and others	Adjustments*	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Consolidated					
Year ended 30 June 2020					
External Revenue	2,023,141	-	2,471,732	-	4,494,873
Internal Revenue	658,287	267,215	507,733	(1,433,235)	-
Total revenue from contract with customers	2,681,428	267,215	2,979,645	(1,433,235)	4,494,873
Geographical markets					
Mauritius	2,483,313	267,215	2,979,465	(1,433,235)	4,296,759
Mozambique	157,262	-	-	-	157,262
Seychelles	40,853	-	-	-	40,853
Total revenue from contract with customers	2,681,428	267,215	2,979,465	(1,433,235)	4,494,873
Timing of revenue recognition					
Goods transferred at a point in time	2,681,428	267,215	2,908,089	(1,361,859)	4,494,873
Services transferred over time	-	-	71,376	(71,376)	-
Total revenue from contract with customers	2,681,428	267,215	2,979,465	(1,433,235)	4,494,873

* These relate to consolidation adjustments

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

6. SEGMENT REPORTING (CONTINUED)

	Production Agro-Business	Production Others	Distribution and others	Adjustments*	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Consolidated					
Year ended 30 June 2020					
Segment revenue	2,681,428	267,215	2,979,465	(1,433,235)	4,494,873
Revenue generated from major customers	129,778	-	650,974	-	780,752
Segment profit from operating activities	91,636	14,842	109,300	(32,376)	183,402
Segment assets	2,383,156	399,726	2,498,388	(1,084,008)	4,197,261
Segment liabilities (excluding tax)	1,572,624	205,146	1,282,313	(802,802)	2,257,281
Shareholders fund	764,402	187,613	1,211,102	(559,632)	1,603,485
Non-controlling interest	252,919	304	289	-	253,512
Current and deferred taxation	45,495	7,171	(5,435)	35,752	82,983
					4,197,261
Other segment items					
- Purchase of property, plant and Equipment	150,144	14,424	18,170	-	182,738
- Depreciation	125,571	21,428	87,863	(46,152)	188,710
- Interest income	(6,855)	-	(2,603)	-	(9,458)
- Interest expenses	38,269	1,592	51,964	-	91,825

*These relate to consolidation adjustments

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

6. SEGMENT REPORTING (CONTINUED)

Segment information (continued)

	Production Agro-Business	Production Others	Distribution and others	Adjustments*	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Consolidated					
Year ended 30 June 2019					
External Revenue	1,716,309	175	2,694,239	-	4,410,723
Internal Revenue	1,032,975	273,543	125,326	(1,431,844)	-
Total revenue from contract with customers	2,749,284	273,718	2,819,565	(1,431,844)	4,410,723
Geographical markets					
Mauritius	2,553,847	273,718	2,819,565	(1,431,844)	4,215,286
Mozambique	130,372	-	-	-	130,372
Seychelles	65,065	-	-	-	65,065
Total revenue from contract with customers	2,749,284	273,718	2,819,565	(1,431,844)	4,410,723
Timing of revenue recognition					
Goods transferred at a point in time	2,749,284	273,718	2,754,072	(1,366,351)	4,410,723
Services transferred over time	-	-	65,493	(65,493)	-
Total revenue from contract with customers	2,749,284	273,718	2,819,565	(1,431,844)	4,410,723

*These relate to consolidation adjustments

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

6. SEGMENT REPORTING (CONTINUED)

Segment information (continued)

	Production Agro-Business	Production Others	Distribution and others	Adjustments*	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Consolidated					
Year ended 30 June 2019					
Segment revenue	2,749,284	273,718	2,819,565	(1,431,844)	4,410,723
Revenue generated from major customers	137,555	-	590,611	-	728,166
Segment profit from operating activities	100,562	22,367	142,045	(50,073)	214,901
Segment assets	1,954,674	392,530	2,449,573	(980,889)	3,815,888
Segment liabilities (excluding tax)	1,131,759	210,879	1,201,163	(710,598)	1,833,203
Shareholders fund	544,756	163,678	1,237,732	(295,540)	1,650,626
Non-controlling interest	232,771	10,852	180	-	243,803
Current and deferred taxation	45,388	7,121	10,498	25,249	88,256
					3,815,888
Other segment items					
- Purchase of property, plant and Equipment	118,542	20,362	53,715	-	192,619
- Depreciation	64,345	18,445	40,561	-	123,351
- Interest income	5,704	(1,656)	(21,310)	-	(17,262)
- Interest expenses	20,051	1,001	45,329	-	66,381

*These relate to consolidation adjustments

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

7. REVENUE

Details of revenue generated by Innodis Ltd and its subsidiaries are illustrated in table below:

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sale of goods *	**4,494,873**	4,410,723	**2,594,258**	2,532,809
Rental income	**-**	-	**71,376**	65,493
Total revenue from contracts with customers	**4,494,873**	4,410,723	**2,665,634**	2,598,302

* Refer to Note 6 for the breakdown of revenue by segment

8. PROFIT FROM OPERATING ACTIVITIES

The following items have been (credited)/charged in arriving at profit from operating activities:

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend income	**-**	-	**(46,000)**	(60,175)
Depreciation on property, plant and equipment :				
- Owned assets	**118,396**	108,344	**47,506**	42,830
- Right of use assets[1]	**70,314**	15,007	**42,767**	12,203
Amortisation of premiums on leasehold land	**436**	202	**436**	202
Operating lease expenses	**-**	64,664	**-**	64,664
Short term lease expenses	**32,496**	-	**32,496**	-
Stock written off	**11,218**	7,754	**-**	-
Defined contribution expenses	**4,967**	4,854	**-**	-
Profit on disposal of property, plant and equipment	**(1,287)**	(1,088)	**(1,113)**	(762)
Cost of inventories expensed:				
- Raw materials	**1,333,974**	1,432,748	**177,890**	179,584
- Finished goods	**2,265,189**	2,068,302	**1,946,796**	1,891,626
Staff cost (Note 9)	**503,375**	484,776	**209,848**	210,433
Repairs and maintenance	**17,797**	21,797	**15,984**	19,572
Wage Assistance Scheme[2]	**(44,500)**	-	**(18,710)**	-
Impairment of receivables	**6,117**	-	**6,117**	-

1 Depreciation on right of use assets for FY 2019 relate to finance lease.

2 Rs. 44,5M was received under the Wage Assistance Scheme (see note 2(d)(i))

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

9. STAFF COST

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries	**460,457**	425,496	**179,567**	174,638
Social security and pension costs	**42,918**	59,280	**30,281**	35,795
	503,375	484,776	**209,848**	210,433

Number of persons employed at year end:

	2020	2019	**2020**	2019
	Number	Number	**Number**	Number
Full time	**1,309**	1,164	**561**	488
Part time	**142**	332	**16**	151
	1,451	1,496	**577**	639

10. NET FINANCE COSTS

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income	**(9,458)**	(6,510)	**(2,603)**	(1,407)
Foreign exchange transaction gains	**-**	(10,752)	**-**	(21,311)
	(9,458)	(17,262)	**(2,603)**	(22,718)
Interest expense:				
- Overdrafts	**43,245**	35,510	**20,126**	16,225
- Loans	**12,084**	19,988	**12,084**	19,341
- Lease liability	**22,230**	3,376	**13,796**	3,166
- Other interest	**8,052**	7,507	**5,377**	7,312
Foreign exchange transaction losses	**6,214**	-	**6,177**	-
	91,825	66,381	**57,560**	46,044
Net finance costs	**82,367**	49,119	**54,957**	23,326

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

11. INCOME TAX EXPENSE

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Income tax based on adjusted profits at 15% (2019: 15%)	**11,999**	12,645	**3,621**	-
Deferred taxation (Note 28)	**10,768**	5,198	**3,185**	12,085
Corporate social responsibility	**917**	1,813	**93**	-
	23,684	19,656	**6,899**	12,085

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Reconciliation of effective taxation				
Profit before taxation	**88,433**	154,905	**58,374**	(101,451)
Income tax at 17% (2019: 17%)	**15,204**	26,334	**9,924**	(17,247)
Non-deductible expenses	**15,572**	1,862	**6,882**	38,791
Exempt income	**(14,895)**	(15,272)	**(12,833)**	(10,260)
Unrecognised tax losses	**44**	5,713	**-**	-
Effect of tax rates in foreign jurisdiction	**(487)**	(820)	**-**	-
Over/under provision in previous years	**(18)**	26	**-**	801
Wages assistance scheme	**8,264**	-	**2,926**	
CSR	**-**	1,813	**-**	-
	23,684	19,656	**6,899**	12,085

12. EARNINGS PER SHARE

Basic/diluted earnings per share

The calculation of earnings per share has been based on the Group's profit attributable to Owners of the Company after taxation of **Rs 56,059,553** (2019 – Rs 111,651,000) on 36,730,266 (2019 - 36,730,266) ordinary shares issue.

Basic and diluted earnings per share were the same for both years since there was no potential dilutive ordinary shares at 30 June 2020.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

13. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Freehold land	Buildings	Improve-ment to buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Work in progress	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Cost/revalued								
At 01 July 2018	215,626	928,893	31,408	1,144,103	581,831	252,204	45,219	3,199,284
Additions	-	7,396	-	88,837	28,257	42,143	25,986	192,619
Disposals	-	-	-	(548)	(3,583)	(9,267)	(9)	(13,407)
Transfer	-	14,990	-	18,859	2,677	906	(37,432)	-
Foreign currency difference	-	-	-	-	28	71	441	540
Balance at 30 June 2019	**215,626**	**951,279**	**31,408**	**1,251,251**	**609,210**	**286,057**	**34,205**	**3,379,036**
Transfer to Right of use	**-**	(3,149)	1,480	(61,264)	34,332	(61,763)	(18,224)	(108,588)
Balance at 01 July 2019	215,626	948,130	32,888	1,189,987	643,542	224,294	15,981	3,270,448
Additions	-	19,225	4,269	38,046	20,549	10,196	90,453	182,738
Disposals	-	-	-	(8,512)	(8,832)	(9,198)	(168)	(26,710)
Transfer to intangible asset	-	-	-	-	-	-	(3,075)	(3,075)
Foreign currency difference	-	(867)	-	(616)	(146)	(189)	(40)	(1,858)
Balance at 30 June 2020	**215,626**	**966,488**	**37,157**	**1,218,905**	**655,113**	**225,103**	**103,151**	**3,421,543**
Accumulated depreciation/ and impairment losses								
At 1 July 2018	-	27,656	2,162	758,922	458,809	170,044	-	1,417,593
Depreciation for the year	-	24,458	947	48,194	25,254	24,498	-	123,351
Foreign currency difference	-	(696)	-	(1,718)	(64)	(75)	-	(2,553)
Disposal adjustment	-	-	-	(167)	(2,177)	(9,053)	-	(11,397)
Balance at 30 June 2019	**-**	**51,418**	**3,109**	**805,231**	**481,822**	**185,414**	**-**	**1,526,994**
Transfer to Right of use	**-**	**-**	**-**	(10,338)	19,139	(20,362)	**-**	(11,561)
Balance at 01 July 2019	-	51,418	3,109	794,893	500,961	165,052	-	1,515,433
Depreciation for the year	-	25,324	1,151	48,738	31,028	12,155	-	118,396
Foreign currency difference	-	(142)	-	(287)	(57)	(49)	-	(535)
Disposal adjustment	-	-	-	(3,629)	(8,202)	(8,694)	-	(20,525)
Balance at 30 June 2020	**-**	**76,600**	**4,260**	**839,715**	**523,730**	**168,464**	**-**	**1,612,769**
Carrying amounts:								
Balance as 30 June 2020	**215,626**	**889,888**	**32,897**	**379,190**	**131,383**	**56,639**	**103,151**	**1,808,774**
Balance as 30 June 2019	215,626	899,861	28,299	446,020	127,388	100,643	34,205	1,852,042

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Separate	Freehold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost/Revalued							
Balance at 30 June 2018	19,000	132,849	419,352	376,526	190,051	7,275	1,145,053
Additions	-	2,102	21,961	11,910	32,737	-	68,710
Transfer	-	226	5,452	223	191	(6,092)	-
Disposals	-	-	-	-	(6,223)	-	(6,223)
Balance at 30 June 2019	19,000	135,177	446,765	388,659	216,756	1,183	1,207,540
Transfer to Right of use	-	(3,149)	(27,503)	32,663	(67,269)	(1,183)	(66,441)
Balance at 01 July 2019	19,000	132,028	419,262	421,322	149,487	-	1,141,099
Additions	-	131	14,040	8,790	5,427	3,784	32,172
Disposals	-	-	(4,607)	-	(4,837)	-	(9,444)
Balance at 30 June 2020	19,000	132,159	428,695	430,112	150,077	3,784	1,163,827
Accumulated depreciation and impairment losses							
Balance at 30 June 2018	-	-	296,109	350,642	137,055	-	783,806
Depreciation for the year	-	3,062	20,869	12,996	18,106	-	55,033
Disposal adjustment	-	-	-	-	(6,197)	-	(6,197)
Balance at 30 June 2019	-	3,062	316,978	363,638	148,964	-	832,642
Transfer to Right of use	-	-	(8,004)	19,139	(19,210)	-	(8,075)
Balance at 01 July 2019	-	3,062	308,974	382,777	129,754		824,567
Depreciation for the year	-	3,097	20,266	18,490	5,653	-	47,506
Disposal adjustment	-	-	(2,835)	-	(4,795)	-	(7,630)
Balance at 30 June 2020	-	6,159	326,405	401,267	130,612	-	864,443
Carrying amounts:							
At 30 June 2020	19,000	126,000	102,290	28,845	19,465	3,784	299,384
At 30 June 2019	19,000	132,115	129,787	25,021	67,792	1,183	374,898

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i) Security

The movable and immovable assets are subject to a floating charge for Rs 1,793M. Bank borrowings are secured by fixed and floating charges over the assets of the Group.

The Group has a floating charge of USD 2.9 million on its plant and machinery pledge in favour of bank overdraft facilities for Moçambique Farms Limitada.

ii) Valuation

Land and buildings of the Group and the Company have been revalued at open market value on June 2018 by Broll Indian Ocean Ltd, Chartered Valuation Surveyors affiliated to the CBRE network whereas for Meaders Feeds Ltd, CDDS Land Surveyors and Property Valuer has valued the property.

Fair value is determined by reference to market based evidence. This means that valuations performed by the values are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The independent valuers used the sales comparison and the depreciated replacement cost approach to determine the valuation. The key inputs under this approach are the price per square meter from current year sales of comparable lots of land in the area (location and size). Any gain or loss arising from a change in fair value is recognised in comprehensive income. The fair value measurement for the land and buildings has been categorised as a level 3 fair value based on the inputs for the valuation technique used.

Sensitivity

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of buildings are per the below:

- Depreciation rate – 2% - 5%

Significant increase/ (decrease) in estimated depreciation value would result in a significantly higher/ (lower) fair value measurement.

	(-5%)	(+5%)
	Rs'000	Rs'000
The Group	40,628	40,228
The Company	2,200	2,100

The carrying amounts of property, plant and equipment that would have been included in the financial statements had the assets been carried at cost are as follows:

	Consolidated	Separate
	Rs'000	Rs'000
At 30 June 2020	1,386,059	332,816
At 30 June 2019	1,321,600	358,341

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

13.(a) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

iii) RIGHT OF USE

Group	Buildings	Machinery	Total
	Rs'000	Rs'000	Rs'000
COST			
Cost as at 01 Jul 2019	-	-	-
Effect of adoption of IFRS 16 as at 1 July 2019	226,563	102,089	328,652
	226,563	102,089	328,652
Additions	2,344	10,027	12,371
Depreciation	(48,357)	(21,957)	(70,314)
At 30 June 2020	180,550	90,159	270,709

Company	Buildings	Machinery	Total
	Rs'000	Rs'000	Rs'000
COST			
Cost as at 01 Jul 2019	-	-	-
Effect of adoption of IFRS 16 as at 1 July 2019	93,032	58,366	151,398
Additions	-	9,310	9,310
Depreciation	(29,115)	(13,652)	(42,767)
At 30 June 2020	63,917	54,024	117,941

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

14. INVESTMENT PROPERTIES

	Separate	
	2020	2019
	Rs'000	Rs'000
Cost		
At 1 July	**519,241**	519,241
	519,241	519,241
Accumulated depreciation		
At 1 July	**27,445**	19,455
Charge for the year	**7,990**	7,990
At 30 June	**35,435**	27,445
Carrying amounts		
At 30 June	**483,806**	491,796

During the year there has been no direct operating expenses relating to investment properties.

At the Company level, freehold land buildings that were previously used by the poultry division of Innodis Ltd have been transferred to investment property as they are being leased to Innodis Poultry Ltd, a subsidiary of Innodis Ltd.

In 2018, the Company has appointed an independent valuer to fair value its investments properties. Management is of the view that the fair value as at 30 June 2020 is not materially different from that of 2019. The fair value was determined using the sale comparison approach and was based on prices for properties of similar nature, location and condition. The Company has determined that the highest and best use of the property used is its current use. The level hierarchy has been categorised as level 3.

Significant unobservable valuation input	Range
Price per square metre	Rs 1,858 - 3,399

Significant increase/(decreases) in estimated price per square metre in isolation would result in a significant higher/(lower) fair value on a linear basis. See note 13 for fair value information on the building and note 3(i) for the information related to the historical cost.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

15. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amount

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
At 1 July and 30 June	120,652	120,652	105,743	105,743
Transfer	3,075	-	-	105,743
Additions	13,133	-	-	-
	136,860	120,652	105,743	105,743
Amortisation				
At 1 July	114,843	114,843	105,743	105,743
Charge for the year	973	-	-	-
At 30 June	115,816	114,843	105,743	105,743
Carrying amounts				
At 30 June	21,044	5,809	-	-

There is no impairment recognised for the year ended 30 June 2020 and 2019.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

15. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Intangible assets and goodwill are as follows:

	Separate and Consolidated	Consolidated				
	Brands & licences	Software	Distribution rights	Goodwill on acquisition of Peninsula Rice Milling Ltd	Goodwill on Acquisition of Poulet Arc en Ciel Ltée	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost						
At 1 July 2019	105,743	-	2,474	4,000	8,435	120,652
Transfer *	-	3,075	-	-	-	3,075
Additions	-	13,133	-	-	-	13,133
At 30 June 2020	105,743	16,208	2,474	4,000	8,435	136,860
Amortisation						
At 1 July 2019	105,743	-	2,210	2,683	4,207	114,843
Charge for the year	-	973	-	-	-	973
At 30 June 2020	105,743	973	2,210	2,683	4,207	115,816
Carrying amounts						
At 30 June 2020	-	15,235	264	1,317	4,228	21,044
At 30 June 2019	-	-	264	1,317	4,228	5,809

*During the FY software previously accounted as PPE has been transferred to Intangible assets.

The Group performed its annual impairment test in June 2020 and 2019. The group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

Goodwill on acquisition of Peninsula Rice Milling Ltd and Poulet Arc-en-Ciel Ltée

The recoverable amounts have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a period of ten-year period. The projected cash flows have been updated to reflect the increased demand for the products and services.

Keys assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for, goodwill on acquisition of Peninsula Rice Milling Ltd, and Poulet Arc-en-Ciel Ltée is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

15. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Gross margins - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin by 1.0% would result in a further impairment in the goodwill.

Discount rates – Discount rate represent the current market assessment of the risks specific to each category taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rate estimates – Rates are based on published industry research. Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions.

16. (a) INVESTMENTS IN SUBSIDIARIES

	2020	2019
	Rs'000	Rs'000
Separate		
Cost		
At 1 July	**839,588**	839,588
Additions	**-**	-
Reduction of capital	**-**	-
At 30 June	**839,588**	839,588
Impairment		
At 1 July	**465,252**	252,118
Charge for period - MFLDA*	**-**	213,134
At 30 June	**465,252**	465,252
Carrying amounts		
At 30 June	**374,336**	374,336

Included in investments in subsidiaries are loans for which the repayment is neither planned nor likely to occur in the foreseeable future.

*This relates to the impairment of the investment in Moçambique Farms Limitada. At 30 June 2019, management assessed the investment in Mozambique for impairment using the discounted cash flow approach and determined that recoverable amount deemed to be the value in use is lower than the carrying value of the investment by Rs 213M, thus triggering an impairment of that amount.

Accordingly management has used the same methodology in this FY and resolved that no impairment will be recognised in respect of investments made in subsidiaries.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

16. (a) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The key assumptions used in the estimation of the recoverable amount of the investments are set out below:

- The discount rate of 20.32% was a post-tax measure estimated based on the historical industry average weighted average cost of capital,
- The cash flow projections over 10 years since it is a capital extensive industry included specific estimates and a terminal growth rate of 5.5% thereafter; and
- The revenue growth rate was based on the expected units to be sold.

Sensitivity to changes in significant unobservable inputs

- 5% increase/(decrease) in the weighted average cost of capital would result in an increase/(decrease) in the recoverable amount by Rs 30.3 million.
- 5% increase/(decrease) in the forecast annual revenue growth rate would result in increase/(decrease) in recoverable amount by Rs 61 million.

Details of the Company's subsidiaries are:

Name of subsidiaries	Country of incorporation	Class of shares held	Holding		Cost of investment (Net of impairment)		Principal activity
			2020	2019	**2020**	2019	
			%	%	**Rs'000**	Rs'000	
Société Enatou	Mauritius	Ordinary	**100**	100	**-**	-	Investment holding
Supercash Ltd	Mauritius	Ordinary	**100**	100	**20,000**	20,000	Wholesale
Peninsula Rice Milling Ltd	Mauritius	Ordinary	**100**	100	**250**	250	Rice milling
Peninsula Rice Milling Ltd	Mauritius	Loan	**100**	100	**43,500**	43,500	Rice milling
Challenge Hypermarkets Ltd	Mauritius	Ordinary	**50.1**	50.1	**5**	5	Property development
Moçambique Farms Limitada	Mozambique	Loan	**100**	100	**94,959**	94,959	Poultry farming and sales of chicken
HWFRL Investments Ltd	Mauritius	Investment	**100**	100	**-**	-	Investment holding
HWFRL Investments Ltd	Mauritius	Loan	**100**	100	**-**	-	Investment holding
Mauritius Farms Limited	Mauritius	Ordinary	**100**	100	**25,992**	25,992	Investment holding
Essentia Ltd	Mauritius	Ordinary	**100**	100	**1**	1	Investment holding
Meaders Feeds Ltd	Mauritius	Ordinary	**51**	51	**39,628**	39,628	Feed Mill operations
Goodiz Distribution Ltd[1]	Mauritius	Ordinary	**100**	100	**1**	1	Retail
Innodis Poultry Ltd	Mauritius	Ordinary	**100**	100	**150,000**	150,000	Poultry farming and sales of chicken
					374,336	374,336	

[1] There was a change of name of Point Frais Franchise to Goodiz Distribution Ltd

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

16. (a) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company, indirectly, holds investments in the following subsidiaries:

Name of subsidiaries	Country of incorporation	Effective holding		Principal activity
		2020	2019	
		%	%	
Société Narien	Mauritius	**100**	100	Property holding
Redbridge Investments Ltd	Mauritius	**100**	100	Property development
Société Centre Point	Mauritius	**50.1**	50.1	Property development
Moçambique Farms Limitada	Mozambique	**100**	100	Broiler growing and processing
Poulet Arc-en-Ciel Ltée	Mauritius	**100**	100	Poultry farming and sales of chicken
Green Island Milling Limited	Mauritius	**60**	60	Rice Milling
Meaders Seychelles Ltd	Seychelles	**41**	41	Distributor of feeds and day old chicks

All the subsidiaries have the same year end as the parent.

16. (b) NON-CONTROLLING INTERESTS

The following table summarises the information relating to each of the Group's subsidiaries that has a material NCI, before any intra-group eliminations.

	Meaders Feeds Ltd	Green Island Milling Limited	Challenge Hyper-markets Ltd	Meaders Seychelles
NCI percentage	**49%**	**40%**	**49.90%**	**20%**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
As at 30 June 2020				
Non-current assets	**568,628**	**28,152**	**-**	**6,293**
Current assets	**448,760**	**-**	**672**	**14,031**
Non-current liabilities	**(136,012)**	**-**	**-**	**-**
Current liabilities	**(392,074)**	**(1,783)**	**(892)**	**(17,823)**
Net assets	**489,302**	**26,369**	**(220)**	**2,501**
Carrying amount of NCI	**239,758**	**10,548**	**(109)**	**500**
Revenue	**1,306,944**	**-**	**-**	**40,853**
Profit/(loss)	**21,175**	**(761)**	**(580)**	**(851)**
OCI	**3,899**	**-**	**-**	**-**
Total comprehensive income	**25,074**	**(761)**	**(580)**	**(851)**
Profit/(loss) allocated to NCI	**10,376**	**(304)**	**(289)**	**(170)**
OCI allocated to NCI	**1,911**	**-**	**-**	**-**
Total comprehensive income allocated to NCI	**12,287**	**(304)**	**(289)**	**(170)**
Cash flows generated from/(used in) operating activities	**(65,965)**	**-**	**-**	**7,457**
Cash flows used in investment activities	**(118,078)**	**-**	**-**	**1,980**
Cash flows (used in)/generated from financing activities	**98,656**	**-**	**-**	**(8,760)**
Net movement in cash and cash equivalents	**(85,387)**	**-**	**-**	**(677)**
Dividends paid to non-controlling interests during the year	**-**	**-**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

16. (b) NON-CONTROLLING INTERESTS (CONTINUED)

	Meaders Feeds Ltd	Green Island Milling Limited	Challenge Hypermarkets Ltd	Meaders Seychelles
NCI percentage	49%	40%	49.90%	20%
	Rs'000	Rs'000	Rs'000	Rs'000
As at 30 June 2019				
Non-current assets	470,126	28,913	-	10,827
Current assets	358,150	-	1,221	20,392
Non-current liabilities	(61,921)	-	-	-
Current liabilities	(292,933)	(1,783)	(859)	(27,249)
Net assets	473,422	27,130	362	3,970
Carrying amount of NCI	231,977	10,852	180	794
Revenue	1,290,003	-	-	65,065
Profit/(loss)	53,938	(791)	(580)	7,123
OCI	(3,545)	-	-	-
Total comprehensive income	50,393	(791)	(580)	7,123
Profit/(loss) allocated to NCI	25,122	(316)	(289)	(919)
OCI allocated to NCI	(1,436)	-	-	(76)
Total comprehensive income allocated to NCI	23,686	(316)	(289)	(995)
Cash flows generated from/(used in) operating activities	97,671	-	-	(9,670)
Cash flows used in investment activities	(35,037)	-	-	(1,652)
Cash flows (used in)/generated from financing activities	(2,227)	-	-	8,878
Net movement in cash and cash equivalents	60,407	-	-	(2,444)
Dividends paid to non-controlling interests during the year	14,700	-	-	-

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

17. EQUITY-ACCOUNTED INVESTEES

	2020 Rs'000	2019 Rs'000
Consolidated		
At 1 July	**1,126**	1,126
Additions	**-**	-
At 30 June	**1,126**	1,126

	2020 Rs'000	2019 Rs'000
Separate		
Cost		
At 1 July and 30 June	**-**	23,146
Additions	**-**	-
	-	23,146
Accumulated impairment		
At 1 July	**-**	23,146
Impairment	**-**	-
	-	23,146
Carrying amounts		
At 30 June	-	-

Details of the Company's associates, not adjusted for the percentage ownership held by the Group are:

Name of company	Country of incorporation	Activities	Class of shares held	% Holding 2020	% Holding 2019
Promotion et Diversification Publicitaire Limitée	Mauritius	Advertising	Ordinary	**50**	50
Salière de l'Ouest Limitée	Mauritius	Manufacturing	Ordinary	**48**	48
Ariva Ltée	Mauritius	Shipping Agent	Ordinary	**8.41**	8.41

By virtue of the Company's representation on the Board of Ariva Ltée, the Company deems to have significant influence as investee, and hence continue to treat this investment as associate.

The summarised financial information of the Group's equity-accounted investees are considered not material to the Group, hence have not been reported in the consolidated financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

18. OTHER INVESTMENTS

	2020 Unquoted Rs'000	2019 Unquoted Rs'000
Consolidated and separate		
At 1 July and 30 June	**25,088**	-

Other investments are made up of equity shares of non-listed companies designated at fair value through OCI. The Group and the Company holds non-controlling interest in Victoria Station Ltd and considers that this investment is strategic in nature. Fair value of this investment has been categorised as level 3. The investment was acquired during the financial year 2019/20 and at year-end, management has re-assessed fair value as its acquisition value given that Victoria Station Ltd is still under construction. As such, no unobservable input has been developed. At 30 June 2020 the fair value approximates its carrying amount.

19. OTHER ASSETS

Consolidated and separate	Rs'000
Premiums on acquisition of leasehold land	
Cost	
At 1 July 2018 & 30 June 2019	23,102
At 30 June 2019	23,102
At 30 June 2020	**23,102**
Amortisation	
At 1 July 2018	11,155
Charge for the year	202
At 30 June 2019	**11,357**
At 1 July 2019	11,357
Charge for the year	436
At 30 June 2020	**11,793**
Carrying amounts	
At 30 June 2020	**11,309**
At 30 June 2019	11,745

Notes to the Consolidated and Separate Financial Statements

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20. (a) INVENTORIES

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Raw materials	**370,395**	241,166	**52,548**	71,687
Finished goods	**588,628**	578,253	**543,086**	507,938
Work in Progress	**5,544**	3,023	**5,544**	3,023
Goods in transit	**-**	10,435	**-**	-
Consumables	**917**	2,214	**543**	309
Spare parts	**3,521**	37,748	**3,492**	2,980
	969,005	872,839	**605,213**	585,937
Cost of inventories expensed	**3,599,363**	3,501,049	**2,124,686**	2,071,210

All inventories are recorded at lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

During the year, the Group inventories have been reduced by Rs 7.3m (2019 – Rs 6.3m) as a result of write down. The write down is included in 'cost of sales'.

20. (b) BIOLOGICAL ASSETS

The reconciliation of biological asset movement:

	Consolidated	
	2020	2019
	Rs'000	Rs'000
Bearer biological assets		
Non-current	**3,369**	8,332
Current	**41,756**	48,899
At June 30	**45,125**	57,231
Consumable biological assets		
Non-current	**-**	-
Current	**74,823**	73,590
At June 30	**74,823**	73,590
At June 30	**119,948**	130,821

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For the year ended 30 June 2020

20. (b) BIOLOGICAL ASSETS (CONTINUED)

The reconciliation of biological asset movement:

	Consolidated	
	2020	2019
	Rs'000	Rs'000
At July 1	**130,821**	93,717
Purchases	**169,113**	15,902
Decrease due to depletion	**(898,422)**	(863,683)
Cost of growing	**704,457**	876,335
Change in fair value less estimated costs to sell	**13,978**	8,550
At June 30	**119,947**	130,821

The total quantity of bearer biological assets on hand at year end was 74,759 units (2019: 102,611 units) while the total quantity for the consumable biological assets was 697,410 units (2019: 965,779 units) for eggs and 847,734 units (2019: 797,824 units) for live broilers.

During the year, 12,574,290 kg (2019: 13,144,818 kg) of live birds were sent to the processing plant.

The fair valuation of biological assets held by contract growers of Rs 29m (2019: Rs 20m)

(i) Measurement of fair values

Fair value hierarchy

The fair value measurements for biological assets amounting to Rs 119.9m (2019: Rs 130.8m) have been categorized as Level 3 fair value based on inputs to the valuation techniques used. There have been no transfers of assets to a different level.

(ii) Valuation techniques and significant unobservable inputs for consumable biological assets

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

Type	Valuation techniques	Significant unobservable inputs
Livestock		
Livestock comprise of:		
(i) Live breeders	Live breeders are fair valued based on the cash flow generated from sales of hatchery eggs, adjusted for cost to be incurred.	Expected number of hatchery eggs by one breeder Projected cost of growing breeder
(ii) Live broilers and eggs	Live broilers and eggs are fair valued based on the market price less cost of sale of chickens of similar ages and weights, adjusted for mortality and hatchability.	Mortality rate Hatchability rate Live weight

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20. (b) BIOLOGICAL ASSETS (CONTINUED)

(iii) Sensitivity analysis

Type	Valuation techniques	Significant unobservable inputs	Sensitivity of the input to value
Live breeders	Discounted cash flow	Number of hatchery eggs by one breeder 125 – 140 eggs	5% increase/(decrease) in number of hatchery eggs by breeder would result in increase/(decrease) in fair value of Rs 5,211,718 (2019: Rs 6,322,353)
		Projected cost of growing breeders	5% increase/(decrease) in projected cost of growing breeders would result in (decrease)/increase in fair vlaue of Rs 3,080,596 (2019: Rs 3,460,802)
Hatchable eggs	Discounted cash flow	Hatchability rate 2020: 75% - 80% 2019: 75% - 80%	5% increase/(decrease) in hatchability rate would result in increase/(decrease) in fair value of Rs 648,283 (2019: Rs 1,013,950)
Live broilers	Discounted cash flow	Mortality rate 2020: 5.75% - 10.0% 2019: 6.0% - 10.0%	5% increase/(decrease) in mortality rate would result in increase/(decrease) in fair value by Rs Rs 70,881 (2019: Rs 65,236)
		Live weight 2020: 2.1kg – 2.5kg 2019: 1.4kg – 2.2kg	5% increase/(decrease) in live weight would result in increase/(decrease) in fair value by Rs 1,094,175 (2019: Rs 1,083,890)

21. TRADE AND OTHER RECEIVABLES

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivables from third-parties customers	**791,861**	665,709	**514,768**	455,426
Receivables from associate	**1,835**	1,835	**1,835**	1,835
Receivables from other related parties	**1,890**	516	**603**	-
Receivables from subsidiaries	**-**	-	**135,971**	181,773
	795,586	668,060	**653,177**	639,034
Allowance for expected credit losses	**(63,433)**	(64,558)	**(5,652)**	(12,728)
Other receivables and prepayments	**163,062**	207,641	**89,976**	113,135
	895,215	811,143	**737,501**	739,441

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

21. TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2020, the carrying amount of the trade and other receivables approximate their fair value. The Group had prepayments amounted to Rs 40.4M (2019: Rs 38.8M) and the Company had prepayments amounted to Rs 27.6M (2019: Rs 27.3M). Other receivables include receivables from insurance claim, deposit, VAT refund and loans to employees.

Transactions between related parties are carried out in the normal course of business and any amount receivables are repaid as per the Group's and the Company's credit terms. An ageing analysis of the Group's and the Company's trade receivables is provided in Note 5 (i).

22. CASH AND CASH EQUIVALENTS

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand and at bank	**72,766**	118,120	**22,801**	43,605
Bank overdrafts	**(623,372)**	(451,720)	**(441,487)**	(341,418)
	(550,606)	(333,600)	**(418,686)**	(297,813)

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	2020	2019
	Rs'000	Rs'000
Financial Assets at fair value through profit or loss		
Foreign exchange forward contracts	**194**	1,592
Disclosed as follows:		
Current Assets	**194**	1,592
Total Financial assets at fair value through profit or loss	**194**	1,592

The total notional amounts of the outstanding forward foreign exchange contracts not designated as hedges at 30 June 2019 were USD 4,250,000. The instruments have been categorised as level 2. The fair value of foreign exchange forward are determined by using the foreign exchange spot and forward rates and forward rate curves of each currency. As at 30 June 2020, the Group holds a new contract for Rs.194,000.

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24. SHAREHOLDERS' EQUITY

Share capital

	2020 Number	2019 Number	2020 Rs'000	2019 Rs'000
Authorised				
Ordinary shares of Rs 10 each	**50,000,000**	50,000,000	**500,000**	500,000
Issued and fully paid				
Ordinary shares of Rs 10 each	**36,730,266**	36,730,266	**367,303**	367,303

Share premium

A share premium arises when the value of the consideration received for the issue of shares exceeds the nominal value of the shares issued. The share premium account is regarded as permanent capital of the Company and only certain expenses of a capital nature may be set-off against it, namely:

(i) the expenses of, or the commission paid on, the creation or issue of any shares.

The share premium account may also be applied:

(i) in paying up shares of the Company to be issued to shareholders of the Company as fully paid shares;

(ii) to reflect the decrease in the share premium account arising from shares acquired or redeemed.

Revaluation reserve

The revaluation reserve arises from the revaluation of the Group's and the Company's land and buildings.

This reserve is reduced by the transfers to retained earnings:

(i) on an annual basis of an amount equivalent to the depreciation on the revaluation surplus, net of the deferred tax impact; and

(ii) on disposal of the revalued property of the remaining revaluation surplus on the property disposed of, net of the deferred tax impact.

(iii) The revaluation reserve is used to record increases in the fair value of land and buildings. Subsequently when the land and building is being depreciated, proportionately a release of the fair value reserve is released to equity.

Foreign currency translation reserve

(i) The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of subsidiaries on consolidation.

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For the year ended 30 June 2020

24. SHAREHOLDERS' EQUITY (CONTINUED)

Revaluation reserve (Continued)

The revaluation reserve may be applied in paying up shares of the Company and its subsidiaries to be issued to their shareholders as fully paid shares.

	Consolidated		Separate	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
As at 1 July	**448,988**	454,903	**317,656**	322,060
	448,988	454,903	**317,656**	322,060
Deferred tax arising on transfer	**-**	1,211	**-**	902
Release to retained earnings	**(7,126)**	(7,126)	**(5,306)**	(5,306)
As at 30 June	**441,862**	448,988	**312,350**	317,656

Foreign currency translation reserve

The foreign currency translation reserve consists of the Group's share of the exchange difference arising on the consolidation of the subsidiaries whose financial statements are presented in Mozambican Metical and Seychellois Rupee.

25. BORROWINGS

	Consolidated		Separate	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Current				
Bank loans (a)	**772,951**	830,585	**519,873**	634,118
	772,951	830,583	**519,873**	634,118
Non-current				
Bank loans (a)	**70,508**	11,000	**-**	-
	70,508	11,000	**-**	-
Total borrowings	**843,459**	841,585	**519,873**	634,118

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

25. BORROWINGS (CONTINUED)

(a) Bank loans

The terms and conditions of outstanding loans are as follows:

Consolidated

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
				2020	2020	2019	2019
				Rs'000	Rs'000	Rs'000	Rs'000
Short Term Loan	MUR	3.5% - 4.15%	2020	**617,784**	**617,784**	450,000	450,000
Import Loan	USD	3.5% - 5.25%	2020	**77,665**	**77,665**	270,436	270,436
Import Loan	EUR	3.5% - 5.25%	2020	**25,736**	**25,736**	39,995	39,995
Import Loan	ZAR	3.5% - 5.25%	2020	**33,289**	**33,289**	63,093	63,093
Import Loan	AUD	3.5% - 5.25%	2020	**17,315**	**17,315**	7,061	7,061
Import Loan	SGD	3.5% - 5.25%	2020	**1,162**	**1,162**	-	-
Long term loan	MUR	4.15%	2021	**70,508**	**70,508**	11,000	11,000
				843,459	**843,459**	841,585	841,585

Separate

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
				2020	2020	2019	2019
				Rs'000	Rs'000	Rs'000	Rs'000
Short Term Loan	MUR	3.5% - 4.15%	2020	**364,701**	**364,701**	450,000	450,000
Import Loan	USD	3.5% - 5.25%	2020	**77,670**	**77,670**	73,970	73,970
Import Loan	EUR	3.5% - 5.25%	2020	**25,736**	**25,736**	39,994	39,994
Import Loan	ZAR	3.5% - 5.25%	2020	**33,289**	**33,289**	63,093	63,093
Import Loan	AUD	3.5% - 5.25%	2020	**17,315**	**17,315**	7,061	7,061
Import Loan	SGD	3.5% - 5.25%	2020	**1,162**	**1,162**	-	-
				519,873	**519,873**	634,118	634,118

The loans are secured by floating charges on the immovable assets of the Company and its subsidiaries and the rates of interest vary between 3.5% and 6.5% (2019 - between 3.5% and 6.5%) per annum.

Bank overdrafts

The bank overdrafts and other facilities are secured by floating charges of Rs 1,795m (2019: Rs 1,795m) on all the assets of the Company and its subsidiaries.

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26. LEASE LIABILITIES

	Consolidated	
	2020	2019
	Rs'000	Rs'000
At 1 July	**85,553**	51,307
Recognition of lease liability	**231,625**	93,032
	317,178	144,339
Accretion of interest	**9,850**	2,835
Additions	**12,371**	9,310
Repayments	**(79,238)**	(50,353)
As at 30 June	**260,161**	106,131

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current				
Finance Lease	**-**	23,801	**-**	17,266
Lease liabilities	**68,495**	-	**43,021**	-
	68,495	23,801	**43,021**	17,266
Non-current				
Finance Lease	**-**	61,752	**-**	34,041
Lease liabilities	**191,666**	-	**63,110**	-
	191,666	61,752	**63,110**	34,041
Total Leases	**260,161**	85,553	**106,131**	51,307

Notes to the Consolidated and Separate Financial Statements

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26. LEASE LIABILITIES (CONTINUED)

Lease liabilities for financial year 2019 relate to finance leases and are payable as follows:

Consolidated

	Future minimum lease payments	Interest	Present value of minimum lease payments
	2019	2019	2019
	Rs'000	Rs'000	Rs'000
Less than one year	28,153	4,352	23,801
Between one and five years	67,684	5,932	61,752
More than five years	-	-	-
	95,837	10,284	85,553

Separate

	Future minimum lease payments	Interest	Present value of minimum lease payments
	2019	2019	2019
	Rs'000	Rs'000	Rs'000
Not later than one year	19,900	2,634	17,266
Between one and five years	36,756	2,715	34,041
More than five years	-	-	-
	56,656	5,349	51,307

Leasing agreements

Finance leases relate to plant and machinery and motor vehicles with lease terms of 5 years on average. The Group and Company have the option to purchase the equipment and motor vehicles at the residual value as mentioned on the lease contract. The Group's and Company's obligations under finance lease are secured by the lessor's title to the leased assets. The rate of interest vary between 5.7% - 7.6% per annum for Company and 5.5% - 7.6% per annum for Group.

The Group and the Company also had non cash addition to right of use asset and lease liabilities of Rs 188.2m and Rs 62.1m respectively in FY 2020

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27. RETIREMENT BENEFITS OBLIGATIONS

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised in the statements of financial position at year end				
Present value of funded obligations	**489,011**	409,460	**374,642**	320,352
Less amount deductible in accordance with WRA	**(52,287)**	(57,512)	**(23,564)**	(24,756)
	436,724	351,948	**351,078**	295,596
Fair value of plan assets	**(277,136)**	(264,166)	**(272,936)**	(260,746)
Present value of net obligations	**159,588**	87,782	**78,142**	34,850
Liability recognised in statement of financial position at year end	**159,588**	87,782	**78,142**	34,850

The Company has the above residual liability on top of its defined benefit plan. The amounts deductible in accordance with the WRA are as detailed in the accounting policy note under the employee benefits section. It is therefore exposed to investment under-performance of the defined contribution plan. See sensitivity analysis below.

Amounts recognised in the statements of ofit or loss and other comprehensive income

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current service costs	**22,718**	14,070	**17,911**	11,065
Interest costs	**4,245**	4,237	**1,306**	1,624
Fund expenses & life insurance	**1,303**	3,813	**1,242**	3,772
Contributions by employees	**(5,422)**	(4,850)	**(5,422)**	(4,850)
Past service cost	**1,048**	-	**463**	-
Net cost for the year recognised in profit or loss	**23,892**	17,270	**15,500**	11,611
Remeasurement recognised in OCI	**78,127**	13,776	**51,249**	6,370
Net cost for the year	**102,019**	31,046	**66,749**	17,981
Net interest cost for the year				
Interest on obligation	**20,771**	19,646	**17,619**	16,830
Expected return on plan assets	**(16,526)**	(15,409)	**(16,313)**	(15,207)
Net interest cost	**4,245**	4,237	**1,306**	1,623

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For the year ended 30 June 2020

27. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Re-measurement recognised in other comprehensive income for the year:				
Actuarial losses on the plan assets	(12,803)	(1,265)	(13,280)	(1,186)
Actuarial losses arising from:				
- Financial assumptions	(52,700)	(2,872)	(48,413)	(1,061)
- Experience adjustment	(12,624)	(9,639)	10,444	(4,123)
Re-measurement recognised in OCI – (Loss)/Gain	(78,127)	(13,776)	(51,249)	(6,370)
Changes in the Present Value of the Obligation				
Present value of obligation at start of year	351,948	319,667	295,596	273,747
Effect in recognising a Defined Benefit member	-	-	-	-
Interest cost	20,771	19,646	17,619	16,830
Current service cost	22,718	14,070	17,911	11,065
Benefits paid	(25,085)	(13,947)	(18,480)	(11,231)
Past service costs	1,048	-	463	-
Expected obligation at end of year	371,400	339,436	313,109	290,411
Present value of obligation at end of year	436,724	351,948	351,078	295,596
Remeasurement recognised in OCI at end of year – loss	(65,324)	(12,512)	(37,969)	(5,185)
Changes in the Fair Value of the Plan Assets				
Fair value of plan assets at start of period	264,166	243,162	260,746	239,994
Effect of recognising Defined Benefit member	-	-	-	-
Expected return on plan assets	16,526	15,409	16,313	15,207
Contributions to plan assets	24,761	21,148	24,609	20,980
Benefits paid out of plan assets	(14,211)	(10,476)	(14,210)	(10,477)
Fund expenses & life insurance	(1,303)	(3,813)	(1,242)	(3,772)
Expected fair value at end of year	289,939	265,430	286,216	261,932
Fair value of plan assets at end of year	277,136	264,166	272,936	260,746
Remeasurement recognised in OCI at end of year – Losses	12,803	1,264	13,280	1,186

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27. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Movement in liability recognised in the statement of financial position				
At 1 July	87,782	76,505	34,850	33,753
Effect of recognising Defined Benefit member	-	-	-	-
Expense recognised in the statement of comprehensive income	23,892	17,270	15,500	11,611
Actuarial gain on unfunded retirement benefit	78,127	13,776	51,249	6,370
Contributions paid	(30,213)	(19,769)	(23,456)	(16,884)
At 30 June	159,588	87,782	78,143	34,850
Principal actuarial assumptions at end of year				
Discount rate (%)	2.14 – 3.12	6.15	2.14 – 3.12	6.15
Expected rate of return on plan assets (%)	2.14 – 3.12	6.15	2.14 – 3.12	6.15
Future salary increases (%)	2	2	2	2
Experience adjustments on:				
Plan liabilities	14,697	(10,714)	10,444	4,123
Plan assets	12,803	1,265	13,280	1,186
Sensitivity				
Effect on present value of unfunded obligations				
1% Increase in Discount Rate	(30,220)	(19,064)	(17,700)	(9,674)
1% Decrease in Discount Rate	34,075	21,959	20,766	12,030
1% Increase in Salary Increase	11,235	12,503	7,171	4,720
1% Decrease in Salary Increase	(9,447)	(10,933)	(5,926)	(3,537)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of year after increasing or decreasing the discount rate or the future salary increases while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. The latter amount is Rs 24.7 million (2019: Rs 57.5 million) for the Group and Rs 24.6 million (2019: Rs 24.8 million) for the Company as at 30 June 2020 in respect of the Defined Contribution fund.

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27. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

The major categories of plan assets at the reporting date for each category are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Local equities	**87,852**	108,308	**86,521**	106,906
Overseas equities	**114,734**	97,741	**112,995**	96,475
Fixed interest	**39,908**	31,700	**39,303**	31,290
Cash and others	**34,642**	26,417	**34,117**	26,075
Total market value of assets	**277,136**	264,166	**272,936**	260,746
Present value of plan liability	**(436,724)**	(351,948)	**(351,078)**	(295,596)
Deficit	**159,588**	87,782	**(78,142)**	(34,850)

The weighted average duration of the defined benefit obligation is 13.7 years (2019: 14.3 years) for the Group as at 30 June 2020.

Expected contribution for next year

The Group and the Company are expected to contribute Rs 4.2 million and Rs 2 million respectively to the pension scheme for the year ending 30 June 2020 (2019: Rs 6 million and Rs 4 million respectively).

Actuarial risk

- Interest risk

The present value of the obligation is calculated using a discount rate based on the yields of long term government bonds. An increase or decrease in the discount rate of 1 basis point will have a significant impact on the liabilities as can be seen in the sensitivity section of the results.

- Salary risk

The present value of the liability is calculated based on the future salary increase of the non-members and members of the Defined Benefit plan. Sensitivity analysis of salary increase assumption has been performed to assess its impact on the liability. An increase in salary increase in assumption leads to an increase the present value of the obligations.

- Longevity risk

The present value of the obligation for the Defined Contribution members and present value of future pension in payment are calculated based on the best estimate of plan participants' mortality after retirement. Sensitivity has also been performed in respect of the mortality assumption. An increase in the life expectancy of the plan participants will increase the liability.

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28. DEFERRED TAX LIABILITIES

The movement in temporary differences during the year were as follows:

Consolidated

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Tax losses carried forward	**3,043**	12,342	**-**	-	**3,043**	12,342
Accelerated capital allowances	**-**	-	**(75,613)**	(80,070)	**(75,613)**	(80,070)
Surplus on revaluation of building	**-**	-	**(59,245)**	(59,245)	**(59,245)**	(59,245)
Employee benefit obligations	**26,787**	14,672	**-**	-	**26,787**	14,672
Right of use-lease assets	**787**	-	**-**	-	**787**	-
Provision for expected credit losses	**23,159**	28,771	**-**	-	**23,159**	28,771
	53,776	55,785	**(134,858)**	(139,315)	**(81,082)**	**(83,530)**

Included in the net balance of the deferred tax liabilities as at 30 June 2020, is an amount of deferred tax assets relating to Supercash Ltd amounting to Rs 1.9 million which has been disclosed on a gross basis in the statement of financial position.

Separate

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Accelerated capital allowances	**-**	-	**(13,160)**	(19,306)	**(13,160)**	(19,306)
Surplus on revaluation of building	**-**	-	**(45,100)**	(45,100)	**(45,100)**	(45,100)
Employee benefit obligations	**13,283**	5,924	**-**	-	**13,283**	5,924
Right of use-lease assets	**227**	-	**-**	-	**227**	-
Provision for expected credit losses	**39,779**	45,455	**-**	-	**39,779**	45,455
Tax loss	**-**	2,529	**-**	-	**-**	2,529
	53,289	53,908	**(58,260)**	(64,406)	**(4,971)**	**(10,498)**

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For the year ended 30 June 2020

28. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The movements in temporary differences during the year were as follows:

Consolidated

	Balance at 01 July 2018	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2019	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2020
	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Property, plant and equipment	(111,690)	31,620	-	(80,070)	**4,457**	**-**	**(75,613)**
Revaluation of property	(59,245)	-	-	(59,245)	**-**	**-**	**(59,245)**
Employee benefits	13,006	(611)	2,277	14,672	**(1,101)**	**13,216**	**26,787**
Right of use-lease assets	-	-	-	-	**787**	**-**	**787**
Provisions	50,925	(22,154)	-	28,771	**(5,612)**	**-**	**23,159**
Tax losses carried forward	26,395	(14,053)	-	12,342	**(9,299)**	**-**	**3,043**
	(80,609)	(5,198)	2,277	(83,530)	**(10,768)**	**13,216**	**(81,082)**

Separate

	Balance at 01 July 2018	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2019	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2020
	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Property, plant and equipment	(17,711)	(1,595)	-	(19,306)	**6,146**	**-**	**(13,160)**
Revaluation of property	(45,100)	-	-	(45,100)	**-**	**-**	**(45,100)**
Employee benefits	5,738	(897)	1,083	5,924	**(1,353)**	**8,712**	**13,283**
Right of use-lease assets	-	-	-	-	**227**	**-**	**227**
Provisions	44,201	1,254	-	45,455	**(5,676)**	**-**	**39,779**
Tax losses	13,376	(10,847)	-	2,529	**(2,529)**	**-**	**-**
	504	(12,085)	1,083	(10,498)	**(3,185)**	**8,712**	**(4,971)**

29. TRADE AND OTHER PAYABLES

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**261,012**	267,272	**107,368**	80,585
Accruals and other payables	**104,775**	97,156	**27,094**	60,929
Amounts owed to subsidiaries	**-**	-	**121,015**	104,710
Amount owed to related parties	**-**	2,135	**-**	-
	365,787	366,563	**255,477**	246,224

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

29. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are non-interest bearing and have an average term of 30 to 90 days.

Amounts owed to subsidiaries and related parties are unsecured, interest free and with no fixed repayment terms. Refer to Note 31. The carrying amount approximate their fair value due to their short term nature.

Accruals and other payables include accrued marketing and advertising expenses, salaries, wages, local creditors and provision of end of year bonus.

30. DIVIDENDS

	Separate	
	2020	2019
	Rs'000	Rs'000
Paid	**31,220**	31,220
Authorised and declared for payment	**11,020**	36,731
	42,240	67,951

	Separate	
	2020	2019
	Rs'000	Rs'000
Dividend per share	**1.15**	1.85

31. RELATED PARTY TRANSACTIONS

Nature of transaction/ balance at year end	Nature of relationship	Name of related party	Terms and conditions	Transaction for the year		Balance at 30 June	
				2020	2019	**2020**	2019
				Rs'000	Rs'000	**Rs'000**	Rs'000
Consolidated							
Sales/(Purchases) of goods and services	Associate	Salière de l'Ouest Limitée	Normal course of business	**-**	-	**1,835**	1,835
				-	-	**1,835**	1,835
Payment for services received	Shareholder	Altima Ltd	Technical fees of 0.35 % of turnover is charged	**(10,205)**	(10,358)	**(1,865)**	(2,135)
Current account	Shareholder	Altima Ltd	Repayable on demand	**-**	-	**-**	516

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For the year ended 30 June 2020

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Nature of transaction/ balance at year end	Nature of relationship	Name of related party	Terms and conditions	Transaction for the year		Balance at 30 June	
				2020	2019	**2020**	2019
Separate				**Rs'000**	Rs'000	**Rs'000**	Rs'000
Sales/(Purchases) of goods and services	Subsidiary	Challenge Hypermarkets Ltd	Normal course of business	**-**	-	**(644)**	(644)
	Subsidiary	Peninsula Rice Milling Ltd	Normal course of business	**-**	-	**-**	(4,476)
	Subsidiary	Innodis Poultry Ltd	Normal course of business	**(658,287)**	(626,659)	**(120,356)**	(99,590)
				(658,287)	(626,569)	**(121,000)**	(104,710)
Sales/(Purchases) of goods and services	Subsidiary	Supercash Ltd	Normal course of business	**63,397**	57,859	**2,108**	41,466
	Subsidiary	Mauritius Farms Ltd	Normal course of business	**-**	-	**46,443**	46,892
	Subsidiary	Peninsula Rice Milling Ltd	Normal course of business	**(32,837)**	(27,204)	**4,236**	-
	Subsidiary	Point Frais Franchise Ltd	Normal course of business	**2,033**	3,906	**8,965**	10,395
	Subsidiary	Meaders Feeds Ltd	Normal course of business	**-**	-	**-**	7,650
	Subsidiary	Poulet Arc en Ciel Ltée	Normal course of business	**(14,917)**	(21,115)	**82,892**	73,593
	Subsidiary	Green Island Milling Ltd	Normal course of business	**-**	-	**1,777**	1,777
				17,676	13,446	**146,421**	181,773
Rental	Subsidiary	Supercash Ltd	Normal course of business	**1,526**	1,526	**-**	-
	Subsidiary	Innodis Poultry Ltd	Normal course of business	**47,693**	47,693	**-**	-
				49,219	49,219	**-**	-
Sales/(Purchases) of goods and services	Associate	Salière de l'Ouest Limitée	Normal course of business	**-**	-	**1,835**	1,835
				-	-	**1,835**	1,835

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

31. RELATED PARTY TRANSACTIONS (CONTINUED)

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Directors remuneration	**39,180**	47,031	**23,945**	27,721

	Consolidated		Separate	
	2020	2019	**2020**	2019
Key management personnel's emoluments	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Short-term employment benefit	**26,457**	28,120	**24,488**	23,862
Post-employment benefit	**1,526**	1,801	**1,412**	1,521
	27,983	29,921	**25,900**	25,383

Innodis Ltd defines its key management personnel as the members of the Executive Committee, including the Chief Executive Officer.

32. MAJOR SHAREHOLDERS

The major shareholders of the Company and their holdings are as follows:

- Foods Div Ltd – 33.73%
- Altima Ltd – 13.07%
- National Pension Fund – 7.98%

33. CAPITAL COMMITMENTS

Capital expenditure authorised at the reporting date but not yet contracted for is as follows:

	Consolidated		Separate	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Property, plant and equipment	**202,837**	291,250	**36,575**	100,550

Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2020

34. CONTINGENT LIABILITIES

The Group and the Company have no contingent liability as at 30 June 2020.

35. FINANCIAL SUPPORT

Innodis Ltd, the holding company, has confirmed through a letter of financial support, that it will financially be supporting HWFRL Investments Ltd and Moçambique Farms Limitada to enable them to meet their obligations as and when they fall due, for a period of more than twelve months.

36. EVENTS AFTER THE REPORTING DATE

The recent outbreak of a novel and highly contagious form of coronavirus "COVID-19" poses a serious public health threat worldwide and has affected economic activity. Many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Such measures are creating significant disruptions in supply chains and are adversely impacting on commercial activity both locally and internationally. The consequences constitute a major challenge to doing business and will weigh on the ability of many companies to operate normally, particularly those in the transportation, hospitality, tourism and leisure sectors.

The impact of the outbreak of COVID-19 on the Company's operations has been felt mostly from clients of the hospitality and food service sectors which contribute around 15% of historical turnover. The Board of Directors and Management are actively working towards assessing and minimising risks to the Company's business and management is closely monitoring its collection from receivables and ensure that adequate credit insurance is in place before allowing credit facilities.

Given the uncertainty about the future course of COVID-19 which is spreading at different paces in different geographies and the lack of visibility on the shape of subsequent economic recovery, it is not possible to provide a quantitative estimate of future potential impact of this outbreak at this time.

The Group and the Company believe that its liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the financial statements as presented have been prepared on a going concern basis.

37. FINANCIAL GUARANTEES

The Group and the Company has provided the following bank guarantees of Rs16.2m to third parties. No liability is expected to arise.

Notes

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