Overview

VALUE
We Created in 2018

CUSTOMERS

Cane

80,480 TONNES
of specialty sugars in 10 varieties ▼8%

Property and Leisure

22.16 HECTARES
of land developed this year

112,000 VISITORS
to *L'Aventure du Sucre* ▲12%

Power

421 GWh
supplied to national grid ▼1%

15%
of national energy mix ▼6%

25%
share on national renewable energy production ▼42%

93.1%
plant availability on CEB network ▼3%

Brands

1 RETAIL SHOP
opened in Cascavelle

Carlsberg and Tuborg Beers **launched in 2018**

3,300 DIRECT
B2B customers (Mauritius) ▼16%

11,300 REGULAR
B2C customers (Mauritius) ▲20%

EMPLOYEES

MUR 8.7 MILLION
invested on employee training and development ▼17%

MUR 842.4 MILLION
paid in salaries, wages and other benefits ▼9%

23 ADDITIONAL
jobs provided

GOVERNMENT

MUR 61.7 MILLION
paid in taxes in Mauritius ▲16%

MUR 679.3 MILLION
paid in customs and excise duty in Mauritius ▲10%

COMMUNITIES

MUR 2.7 MILLION
of CSR sponsorship channelled through Terra Foundation ▼69%

33 PROJECTS
sponsored ▼57%

SUPPLIERS

MUR 2,931.5 MILLION
of procurement spend ▲1%

PROVIDERS OF FINANCIAL CAPITAL

MUR 107.9 MILLION
paid to banks and other lenders ▲6%

MUR 193.4 MILLION
paid in dividends to Terra's shareholders =

MUR 0.50 EARNINGS
per share ▲32%

MUR 117.3 MILLION
paid in dividends to outside shareholders of subsidiaries ▲4%

OUR BUSINESS
at a Glance

OUR ORGANISATIONAL STRUCTURE

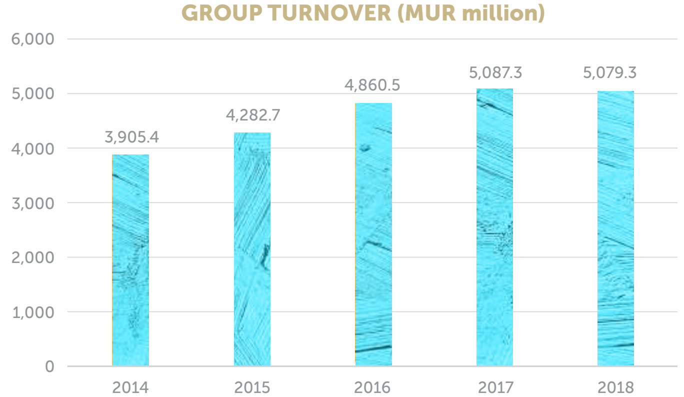
The Group consists of four autonomous clusters: Cane, Power, Brands, and Property and Leisure. Each cluster offers unique business know-how that sets it apart from its competitors and that provides a strong platform for value growth.

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

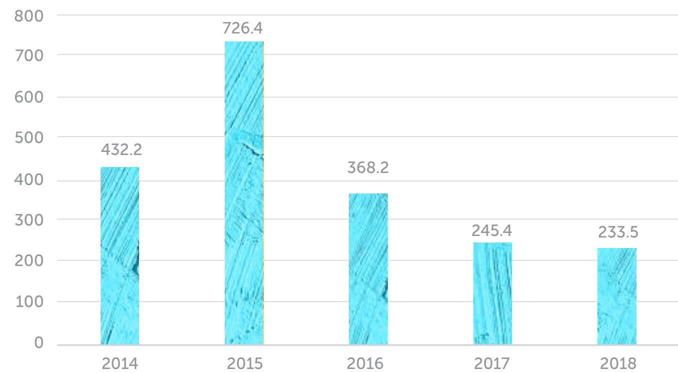
The clusters are supported by specific centralised functions aimed at developing a shared performance-based culture, and at driving operational excellence and efficiencies across the Group.

Terra Mauricia Ltd

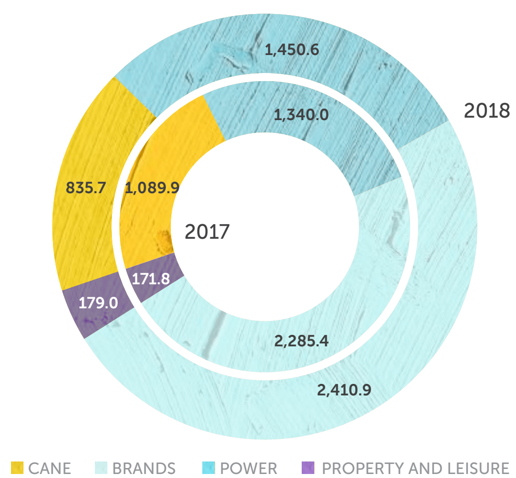
GROUP TURNOVER (MUR million)



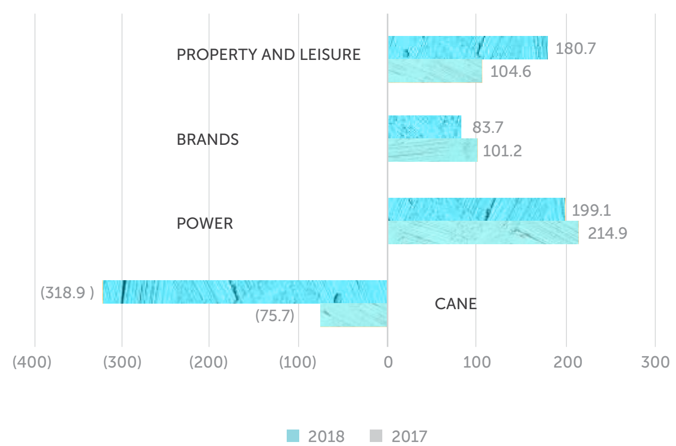
GROUP PROFIT AFTER TAX (MUR million)



TURNOVER CONTRIBUTION OF EACH CLUSTER (MUR million)



PROFIT AFTER TAX/(LOSS) CONTRIBUTION OF EACH CLUSTER (MUR million)



Clusters

Cane

387 EMPLOYEES
at Terragri (Agriculture)

159 EMPLOYEES
at Terra Milling

EMPLOYEE TURNOVER RATE ▼4%

5,195 HECTARES
of land under cane cultivation ▼5%

751,121 TONNES
of sugar cane milled ▼13%

80,480 TONNES
of sugar produced ▼8%

Property and Leisure

48 EMPLOYEES
at Novaterra

70 EMPLOYEES
at *L'Aventure du Sucre*

EMPLOYEE TURNOVER RATE ▼7.6%

22.16 HECTARES
of land developed

68,982 m²
under rent ▲5%

Power

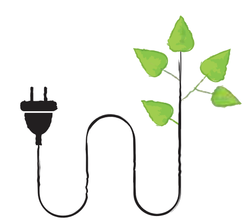
48 EMPLOYEES
at Terragen

421 GWh
sold to CEB ▼1%

EMPLOYEE TURNOVER RATE ▲10%

93.1%
availability on CEB network ▼3%

25% RENEWABLE ENERGY
share ▼42%



Brands

550 EMPLOYEES
at Grays Inc.

49 EMPLOYEES
at Grays Distilling

EMPLOYEE TURNOVER RATE ▼24%

24
own brands =

49% SALES
from spirits

19% SALES
from wines

6 MILLION LITRES
of alcohol produced =

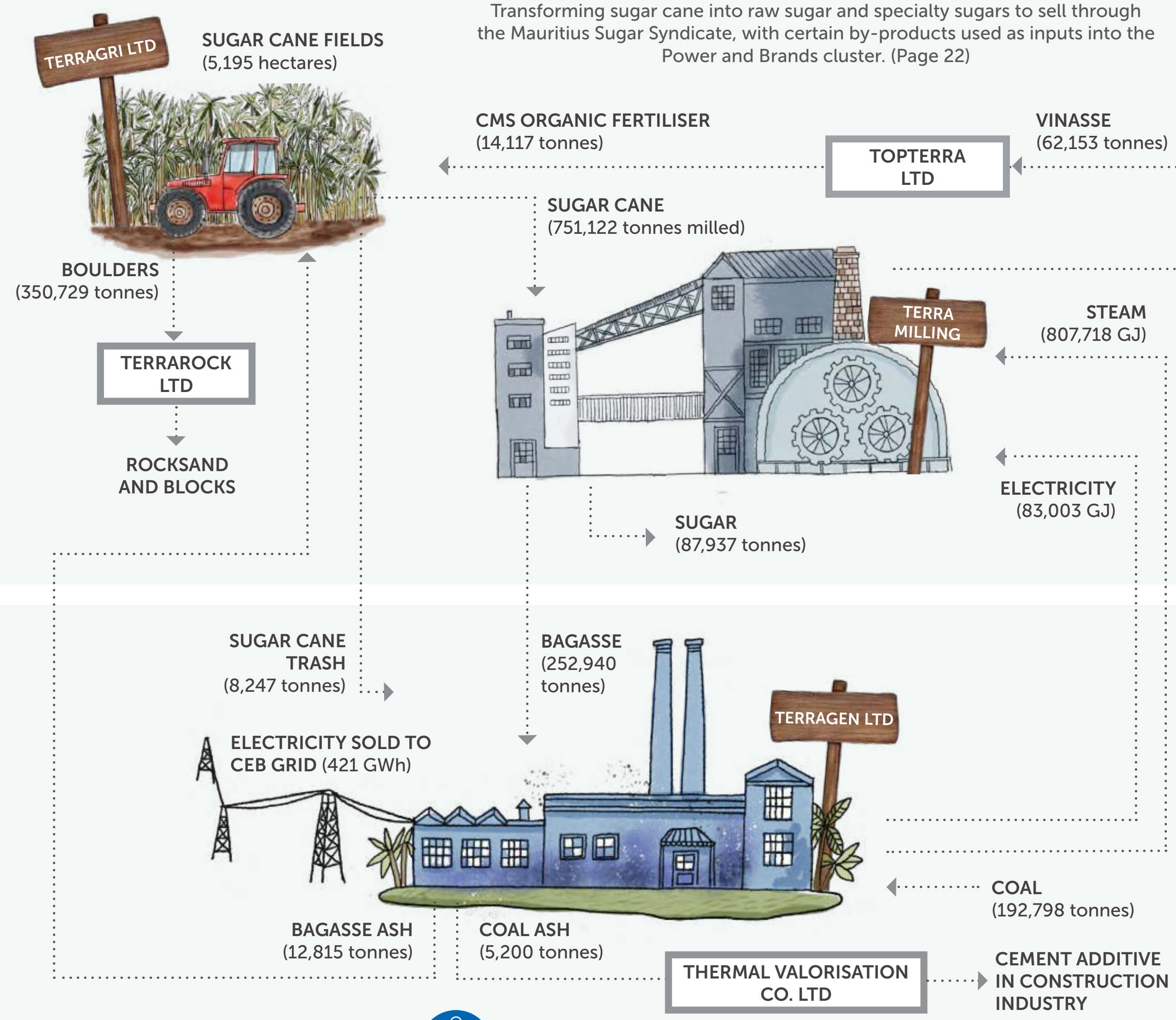
OUR BUSINESS
Model

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

A more detailed overview of each cluster's business model and operating context is provided in the Operational Review section of this report.

546 *Cane*

Transforming sugar cane into raw sugar and specialty sugars to sell through the Mauritius Sugar Syndicate, with certain by-products used as inputs into the Power and Brands cluster. (Page 22)



48 *Power*

CO-GENERATION PLANT (2 x 70 MW)

Using bagasse and cane trash from the Cane cluster as inputs (together with imported coal) into the co-generation power plant to sell to the Central Electricity Board (CEB), and to provide electricity and steam to Terra Milling. (Page 28)

599 *Brands*

Transforming by-products of the sugar production into value-added dark and white spirits through the distillery process, and realising added value through our bottling, distribution and marketing activities, which have been extended to include third party brands in wine, whisky, personal care products and snacks. (Page 32)

118 *Property and Leisure*

Investing in property-development projects in well-located sites with a view to increasing and unlocking value from the Group's longstanding land holdings, and managing *L'Aventure du Sucre*, a museum showcasing the history of sugar operations in Mauritius. (Page 36)

CHAIRMAN'S *Message*

It gives me pleasure once again to introduce Terra's annual Integrated Report, our second successive integrated report developed in accordance with the IIRC's International <IR> Framework. The aim of this report is to provide Terra's shareholders and other interested stakeholders, with a concise review of the Group's performance and governance practices for the financial year, and to outline the Company's strategic framework for long-term value creation.

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

A CHALLENGING OPERATING ENVIRONMENT REQUIRING SOME TOUGH DECISIONS

2018 has been a particularly challenging year for the Group, with an exceptionally low world market price of sugar placing significant pressure on the Company and the Group's revenue, profits and share price. While the low sugar price has impacted sugar producers globally, its effect has been particularly acute in the Mauritian sugar sector which operates in a unique regulatory and policy context that reflects the country's social and economic history. Unfortunately, this policy context is currently undermining the sector's ability to be globally competitive, and this is potentially threatening the short to medium term viability of the sugar sector.

It is very difficult to imagine Mauritius without sugar cane, a crop that has been instrumental to and had significant beneficial impact on the country's history and economic development. The sugar industry supports many livelihoods through direct and indirect employment; it also plays an essential role in supporting the island's tourist industry through its pleasing visual backdrop and contributes to a greener environment by helping to fight climate change. In many respects, the Mauritian sugar industry is now at a crossroads: given current world market pricing, there is an urgent need for stakeholders across the sugar value chain – cane planters, sugar refiners, trade unions, related industry sectors and the Government – to work collectively to find solutions that ensure the sector's survival in an increasingly competitive global market.

Finding solutions to this challenge will not be easy and will require all of us stakeholders to take some tough decisions. The Government has a particular responsibility in providing the right policy environment to help the local sugar sector thrive. In reshaping local working environment for the sugar industry, government authorities could use some of the lessons which were learnt in supporting the life cycle of the Mauritian textile sector back in 2005 at a time when world quotas were abolished. There is an urgent need to implement the necessary policy and regulatory changes that would allow the sugar industry to compete on equal terms with its global competitors. We are convinced at Terra that such changes will bring sustainability to the local sugar sector, which will continue to have huge beneficial repercussions for the country, socially, economically and environmentally.

LAYING A FOUNDATION FOR LONG-TERM VALUE CREATION

This is the third year in which Terra has been executing its strategy of optimising value from the Group's core assets across the sugar value-chain, and delivering value through its four clusters: Cane, Power, Brands, and Property and Leisure. Developed and implemented under the leadership of our Managing Director, Nicolas Maigrot, and the decentralised management teams in each cluster, the strategy represents a shift from the Group's previous focus on diversification. Despite the significant challenges associated with the current record-low sugar prices, I believe that the performance and prospects for each of Terra's four clusters lend support to this strategic focus, which is providing an important foundation for long-term value growth.

Responding to the tough price environment, the **Cane** cluster has maintained its strong focus on reducing costs and improving productivity across its entire operations, and on optimising the production of specialty sugars that command a price premium. While its efficiency drive has delivered substantial cost savings, these will not be sufficient on their own to secure a return to profitability given the current level of global sugar prices and the inherent structural regulatory challenges facing the local sector. In seeking to address these challenges, Terra and the Mauritius Chamber of Agriculture continue to engage actively in discussions with all various key stakeholders, including in particular with:

- the Government, to enhance the sector's competitiveness,
- the Mauritius Sugar Syndicate, to strengthen the branding and marketing of Mauritius' sugar, and
- all sugar cane planters (small, medium and large-scale) in an effort to retain them in the sector.

In addition to these efforts to boost the competitiveness of the local sugar sector, the Cane cluster is also exploring opportunities for further global diversification, building on our experience in Côte d'Ivoire. While I am confident that the long-term fundamentals can be strengthened to allow for a sustainable future for the Mauritian sugar industry, we will need to see some significant changes in the local regulatory environment to ensure the competitiveness of the Mauritian sugar sector.

The **Power** cluster continued to deliver world-class operational performance and to provide significant value, both for the Terra Group and for the country more broadly. Terragen was once again among the most reliable and cost-effective energy producer for the Central Electricity Board (CEB), supplying the cheapest source of electricity for the country's national grid, and making further strides in increasing the uptake of cane trash and other renewable energy inputs. In doing so, the cluster delivered strong revenues and stable profits for the Group, as well as valuable savings for the country by reducing imports of coal and supporting the Government's commitment to greener energy. The company's deserved reputation as a reliable and cost-effective producer of increasingly renewable energy should stand it in good stead as it looks to renew its contract with CEB.

This year, the **Brands** cluster did not perform quite as well as in previous years, facing some unplanned logistical challenges, a strengthening regulatory environment, and some shifts in consumer behaviour. Its performance was also impacted by the divestment of its business in Uganda, and some teething problems in the Seychelles market. These challenges were offset by further consolidating the cluster's brand offerings and by driving additional efficiencies across their value chain, supported by strong distribution channels, positive relationships with customers and global brands, and a good record for innovation. I believe that the cluster offers strong upside potential, and I am confident that they will further strengthen their position as a market leader in the country and continue to deliver positive top and bottom-line growth.

It has been encouraging to see the significant progress that the **Property and Leisure** cluster has made since its establishment in 2016 with the specific goal of unlocking value from the Group's strategically-located land holdings. Having appointed and bedded down its skilled management team, and finalised a clear strategic roadmap, the focus this year was on providing the necessary impetus to the planned Smart City development. The team has performed well, completing several high-profile developments, obtaining the Smart City certificate, commencing a number of infrastructure and construction projects, and securing some key tenants and exciting partnerships, including specifically in the retail, education and residential arenas. The cluster's performance this year has laid a strong foundation for what we anticipate will be a significant source of long-term value growth.

The Group's key **associates** had another fairly mixed year, with the strongest performances coming from our investments in insurance and financial services companies. In the longer term we will be looking to divest from some of our non-strategic investments, and to manage our gearing levels as we seek to deliver growth from the Group's core assets across the cane value chain.

MAINTAINING OVERSIGHT THROUGH A DIVERSE BOARD

As the Board, it's our task to oversee the Company's performance and strategic direction, and to ensure that our executive team fulfils its fiduciary and societal responsibilities by using the resources entrusted to it to optimise value for the Group and all its stakeholders. In fulfilling this task, we are fortunate to have a Board that brings valuable diversity in skills, experience and perspective, with directors who have worked across different industry sectors, as well as in academia and government. During the reporting period there was one change to the Board membership, with Mr Hubert Harel resigning as a non-executive director after six years of service. On behalf of the Board, I wish to extend our thanks to Hubert for his valued service, and wish him the best in his new activities. A new non-executive director will be proposed for election at the forthcoming annual general meeting.

DEMISE

It is with deep regret that we have learnt the demise of Me Jean Hugues Maigrot, GOSK, who has been, for several decades, the Group's notary and has chaired, for almost 10 years, the Board of Harel Frères Limited. On behalf of my fellow directors and in my personal name, I convey our warmest condolences to his widow and his family.

APPRECIATION

A company's ability to deliver value ultimately depends on the effort of its workforce, from the executive and management teams through to employees working in the fields and factories, in offices and on the shop floor. Throughout this challenging year, Terra's employees have continued to make an invaluable contribution to the Group's performance and sometimes under very tough conditions. On behalf of the Board I would like to convey our sincere appreciation to Terra's employees for their continuing motivation and contribution, as well as to Nicolas Maigrot and his dedicated management team for their work in defining and driving the Group's strategic vision. I wish also to thank all my colleagues on the Board for their advice and assistance, and to extend my deep appreciation to all of Terra's business valuable partners and stakeholders, including those within the Government of Mauritius, for their collaboration throughout the year.

I have no doubt that the Group has the right strategy, systems and talent to deliver substantial value into the future. Reaching its full potential, however, will require further collaboration – with Government, local regulators and industry peers – as we seek to address the challenges impeding the competitiveness of the Mauritian sugar industry in this very tough price environment. For the good of the country, its people, the economy and our businesses, it is essential that a short and medium term solution is found.

Alain Rey
Chairman of the Board
09 May 2019

MANAGING DIRECTOR'S
Message

This has been a very difficult year, with the record-low sugar prices putting severe pressure on the Group's performance. This year in Mauritius sugar averaged MUR 8,800 per tonne down - from MUR 11,000 in 2017 and MUR 15,571 in 2016 - substantially below our current break-even price. The 20% fall in sugar price contributed to a 42% drop in the Group's gross profit to MUR 183.5 million, off the back of the Cane cluster's operational loss of MUR 271.9 million. This loss was offset by generally positive financial performances elsewhere in the Group.

In my message to shareholders last year, I highlighted that our focus as a Company had been on appointing and structuring the right teams to deliver long-term value for the Group, and I identified the urgency that we face – both as a Company and more broadly as a country – in responding effectively to the prevailing low sugar price levels. While this urgency remains the order of the day, and in some respects, has become more acute, I am confident that Terra now has the right people and skill-sets to deliver on our long-term strategic ambitions. Each of our clusters is appropriately structured with strong teams in place, and each has developed a compelling three-year strategic plan that provides a clear vision for the Group, with strong alignment across the executive team and directors.

Looking ahead, we will be focusing on further developing our core competencies, driving improved operational efficiencies and identifying opportunities for new investments in areas where we will be able to capitalise on our expertise. We will also continue to divest of our non-core assets and activities.

CANE: *Responding to the challenging price environment*

In many respects this past year has been a 'perfect storm' for the Mauritian sugar sector. The recent ending of European quotas and the resulting global oversupply of sugar, combined with strong protectionism in certain markets, rising costs and falling volumes locally, have placed extreme pressure on local producers, all of whom have suffered heavy losses. While we anticipate that the tough global price environment will result in reduced global production and an improvement in prices, this will not be sufficient to financially sustain the local sugar sector, which faces some quite daunting structural challenges.

Given the substantial economic, social and environmental benefits of the Mauritian sugar industry – which has one of the highest overall multiplier effects – it is essential that we find solutions to some of the challenges which the sector faces. Sustaining the sector, that has played such a pivotal role in the country's history and development, will require far-reaching changes at a national, sectoral and company level:

- At national level, we believe that the Government needs to take steps to help the sugar industry become more competitive. Although the Government has taken some measures in 2018 to mitigate the low market prices, by improving the price paid to planters for *bagasse*, this is a temporary measure that will not address the structural issues. Government should review and address the overly tight regulatory environment under which we operate, it ought to aim at providing better value to the sector for the green energy we generate both through *bagasse* and cane trash, and ensure fair and appropriate remuneration from the Sugar Insurance Fund Board to all those insured through the fund. We were particularly disappointed this year to see that the millers did not get their fair share from that fund. We shall continue to constructively engage with Government with the aim of finding a mutually beneficial way forward.

- At sectoral level, the Mauritius Sugar Syndicate (MSS) has identified the critical role it needs to play in strengthening the marketing and branding of Mauritian sugar, and in particular to further stimulate demand for locally-produced specialty sugars. Doing so will help reduce the local sector's dependence on secure white sugar – a global commodity – and to more effectively secure the premium associated with specialty sugar. This will require a co-ordinated response across local milling companies, who will need to adapt to produce more specialty sugar while reducing local refining capacity. With Medine recently being allowed to close their factory, and in the context of the lower volume of locally-produced cane, the rationalisation of factories is inevitable. Given our excess milling capacity, and under the right pricing structure, Terra is willing to take on some of the other companies' cane output, which will also help to increase the production efficiency of green energy for the country, through our Terragen power plant.

- At company level, each local producer will need to do what they can to realise efficiencies across their operations. As a result of the dynamism and innovativeness of our teams, it is pleasing to report that we made significant progress this year in delivering on our three-year plan and reducing as a result the cost of production both for milling and growing activities. While we are confident that we can drive further efficiencies by applying lean techniques, we will need substantive regulatory reform to enable the local sugar industry to operate in a more level playing field, compared to other sectors of the local economy.

In addition to working actively towards protecting the competitiveness of our local cane operations, we are looking to further harness the potential that rests in our world-class know-how and expertise by realising opportunities to expand outside Mauritius and be more directly involved in our operations in Côte d'Ivoire. After a year of disappointing performance, we recognise that the Côte d'Ivoire operations necessitate a significant upgrade in skills, followed by substantial investment, to secure their profitability in the future. We are working with our partners in Côte d'Ivoire to workout a *modus operandi,* that would effectively make use of our expertise.

POWER: *A global leader in reliability and generation costs*

Our Terragen plant is amongst the world's "best in class" power plants both in terms of reliability and cost of production. The operation had another good year, generating 410.6 GWh of electricity with 93.1% availability and an after tax profit of MUR 199.1 million. We have been pursuing in our drive this year to increase our share of green energy, both by increasing the volume of cane trash and testing the viability of additional sources of biomass such as eucalyptus and we are hoping to secure more *bagasse* from the Medine sugar estate. It is pleasing to report that we made further progress this year with our carbon burnout plant, a joint-venture 'circular economy' initiative with Omnicane, that transforms Terragen's ash into raw material to produce cement. We are committed to continuing to drive the uptake of green energy, and to remaining a key source of reliable and cost-effective energy for the benefit of the country. Ahead of the 20th anniversary of our Power Purchase Agreement with CEB, in June 2020, discussions around the renewal of the contract should start in the near future.

BRANDS: *A challenging year*

This was a difficult year for the Brands cluster, which felt the impact of rising input costs, unexpected logistical challenges, changing consumer patterns, and the divestment of our Uganda activities. Revenue for the year was up at MUR 1,450.6 million, while profit after tax decreased to MUR 83.7 million. We have seen a shift this year in consumption from our mainstream products towards more sophisticated product offerings. While this has affected our gross margins in the short-term, we are responding through the repositioning of our product portfolio, and have seen positive growth, in particularly in Scotch whisky and our premium rums. We made a substantial investment this year in our distillery operations, which will pay-off in terms of increased cost efficiency. We have made some changes to our Seychelles operation, with the view of capturing valuable growth potential. Looking ahead, we are confident that 2019 should be a more profitable year for the Brands cluster.

PROPERTY AND LEISURE: *Laying the foundation for long-term value*

In 2018 we completed the appointment of a strong team of property development and management professionals, structured around five departments: project development and finance; land management; property and assets; marketing and sales; and project management. This was a very encouraging year for the team who delivered significant momentum to the Beau Plan Smart City project, with the successful completion of various investments, including the African Leadership Campus, the first phase of the Greencoast International School, the La Louisa Equestrian Centre and the Patrick Mavros jewellery atelier. We obtained our Smart City certificate in November and the current year promises to be a significant milestone, as we will start the development of our planned retail and office parks, apartment and duplex projects, and a boutique hotel. We are excited about the substantial long-term value that the Property and Leisure cluster will be realising from the Group's land ownership.

ACKNOWLEDGEMENTS

The Group's generally strong performance in this very tough year is attributable to the hard work and commitment of our people across the Company. I wish to express my appreciation to my colleagues on the executive and the management teams in each of the clusters, as well as to Terra's employees at all levels in the Group, for contributing to the development and strong execution of our strategy in a very challenging operating environment. I would also like to thank my colleagues on the Board for providing valuable advice and oversight.

Looking ahead, I am confident that we have the right skill and people ethos in place to create long-term value for our shareholders and other stakeholders.

Nicolas Maigrot
Managing Director
09 May 2019

FINANCIAL
Review

The Group's overall financial performance this year was negatively impacted by very low world sugar prices. This contributed to a substantial operating loss in our Cane cluster, which was mitigated by the positive performance of the Brands, Power, and Property and Leisure clusters and our Associates. We believe that the longer-term outlook for the global sugar market remains positive, and that the Group's strategy of optimising value from its assets across the cane value-chain is providing the right platform for long-term growth.

GROUP PROFITS CONTINUE TO BE IMPACTED BY LOWER SUGAR PRICES

Group revenue for the 2018 financial year remained flat at MUR 5,079.3 million, due mainly to the significant drop in sugar revenue as a result of the all-time low sugar price that prevailed in 2018. This revenue drop was partly offset by the revenue growth recorded by the Power, Brands and Property and Leisure clusters.

Gross profit for the Group was down MUR 136.3 million to MUR 1,027.2 million, while Group EBIT was down 42% to MUR 183.5 million. This decrease was directly attributable to the Cane cluster, which posted a total loss this year of MUR 318.9 million, as compared with a MUR 72.3 million loss in 2017. The Power cluster continued to deliver very strong operational performance, contributing MUR 199.1 million in profits, on the back of its excellent levels of efficiency and reliability. While Brands achieved steady revenue growth of 5.5%, profit after tax was down by MUR 17.5 million to MUR 83.7 million, reflecting the change in consumer patterns, increased pressure on margins and some non-recurring expenses. The Property and Leisure cluster grew its income base from land sales, consultancy fees, renting and leisure activities, with rental income up 4% to MUR 133.2 million and total profits of MUR 180.7 million. Having secured the certificate for the Beau Plan Smart City, the cluster is well placed to deliver substantial long-term value from the development of its proposed investment properties within the Smart City and neighbouring sites.

At Group level, the 1.8% year-on-year increase in depreciation and amortisation of MUR 6.9 million is marginal. Finance costs for the year stand at MUR 97.6 million, mainly attributable to a decrease in net debt of MUR 205.9 million. The share of profits from associates increased by MUR 161.6 million, primarily due to the solid performance of our investments in insurance and financial services.

Group profit for the year stood at MUR 233.5 million, a 4.8% reduction over last year, after accounting for taxation of MUR 56.3 million. This tax compares to MUR 15.2 million restated in 2017, which included a deferred tax credit of MUR 32.8 million attributable to a drop in the income tax rate of subsidiaries engaged in the export of goods. Earnings per share increased to MUR 0.53, up by 15 cents on the previous year, driven mainly by improved associates' results.

	2018 MUR' M	2017 MUR' M	Change %	
Revenue	**5,079.3**	5,087.3	(0.2)	▼
Profit before finance costs (EBIT)	**183.5**	318.7	(42.4)	▼
Profit after tax	**233.5**	245.4	(4.8)	▼
Earnings per share (EPS) *	**0.53**	0.38	39.5	▲
Net asset value per share (NAV) *	**60.54**	58.27	3.9	▲
Gearing **	**0.154 : 1**	0.159 : 1	-	▼
Dividend per share *	**0.85**	0.85	0.0	=

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

STRONG BALANCE SHEET MAINTAINED AND DIVIDENDS PAID

The Group invested an additional MUR 282.6 million in property, plant and equipment to maintain and improve plant operational efficiencies. Listed subsidiaries are valued on the higher of the net asset value (NAV) or market price.

The Group's investment portfolio grew by 9.8% to MUR 3,984.7 million. Investments in associates and financial assets were fairly valued using the mark-to-market for all quoted investments, NAV and discounted cash flow (DCF) valuation principles where appropriate. Total assets reached MUR 19,477.5 million, up on MUR 18,744.5 (restated) in 2017.

Owners' interest increased by MUR 516.1 million to MUR 13,774.6 million, mainly due to revaluation of land brought into the Smart City project and profits generated for the year.

Group net debt amounts to MUR 2,317.5 million, a decrease of 8.2% over 2017. Net debt to equity is at 15.6% and remains low in terms of the Group's borrowing capacity.

Net asset value increased by MUR 2.27 per share to MUR 60.54 per share. Market capitalisation of the Group was at MUR 5,005.0 million at 31 December 2018. In line with our current dividend policy, the Group paid a dividend of MUR 0.85 per share to its shareholders.

AN INCREASE IN CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO MOVEMENTS IN WORKING CAPITAL

Cash from operating activities and working capital movements amounted to MUR 553.0 million, while net cash used in investing activities stood at MUR 25.9 million. The investments were mainly in property, plant and equipment (MUR 335.0 million), including replantation costs of MUR 52.4 million and MUR 60.1 million were spent on land development. Terra also applied funds towards equity investments in Inside Equity Fund (MUR 75.7 million), and Payment Express Ltd (MUR 10.0 million).

Cash inflows were mainly derived from proceeds realised on the sale of land (MUR 256.1 million) and of fixed assets (MUR 55.7 million), as well as proceeds on the sale of investments (MUR 8.6 million) and from loans recovered of MUR 40.5 million, interest received (MUR 11.6 million) and dividends received (MUR 89.2 million).

The net cash used in financing activities amounted to MUR 222.2 million; this consisted mainly of paying dividends of MUR 310.7 million to Terra and the minority shareholders of its subsidiary companies, at much the same level as last year. Additional funds raised from financial institutions amounted to MUR 88.5 million.

After taking into consideration the above transactions, overall cash and cash equivalents increased by MUR 304.9 million to MUR 356.5 million.

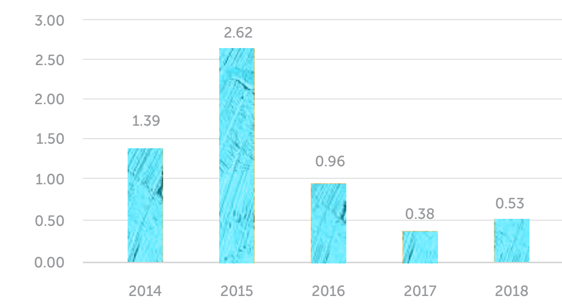
PROSPECTS FOR 2019

Terra remains focused on pursuing its strategy of investing in, and improving the efficiency of its core activities, and in adding value to its land holdings in the north of Mauritius. The Company's effort and attention remain dedicated to improving its EBITDA margin, increasing the overall Group return on equity (currently at 1.5%), and generating more free cash flow from its operations.

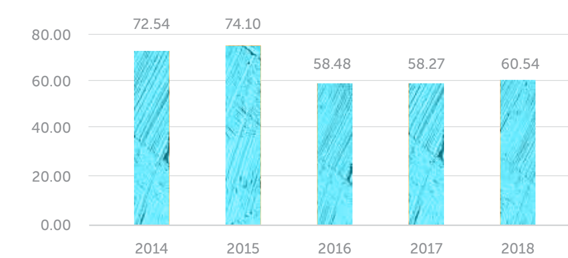
I wish to thank the Board and my colleagues on the executive and finance team for their dedication and guidance throughout the year, and I look forward to addressing the ongoing challenges to meet our objectives.

Henri Harel
Group Chief Finance Officer
09 May 2019

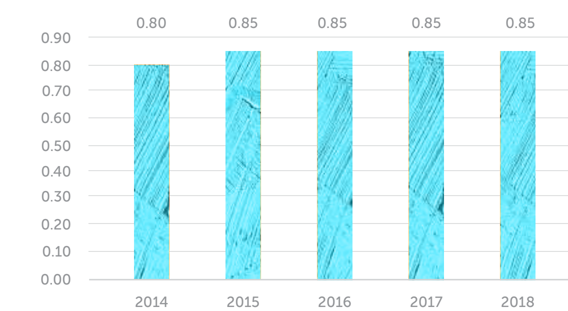
EARNINGS PER SHARE (MUR)



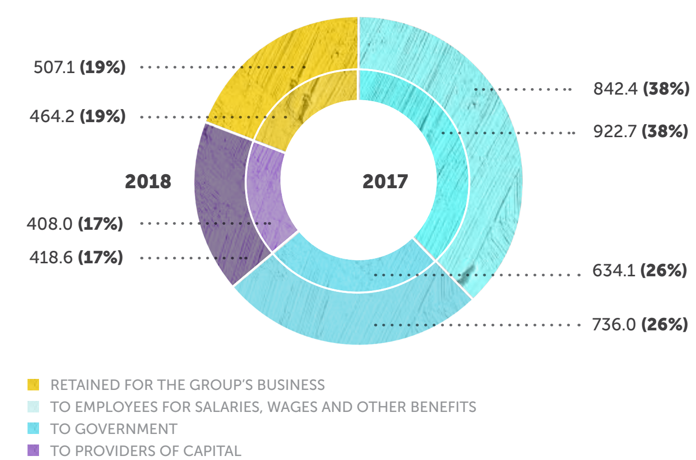
NET ASSETS PER SHARE (MUR)



DIVIDEND PER SHARE (MUR)



TOTAL WEALTH DISTRIBUTION (MUR million)



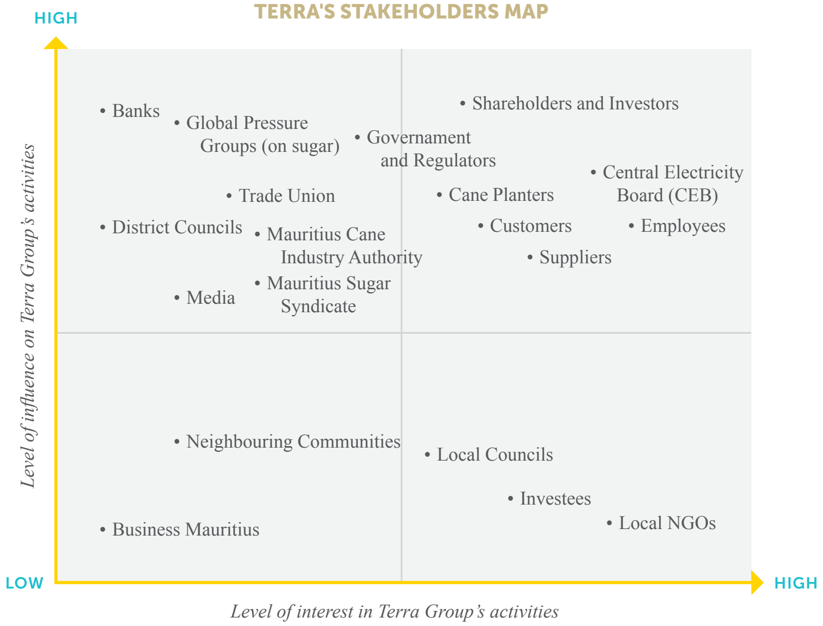
OUR STAKEHOLDER
Relationships

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

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

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

TERRA'S STAKEHOLDERS MAP



	EMPLOYEES	SHAREHOLDERS AND INVESTORS	GOVERNMENT AND REGULATORS	SUPPLIERS/ SERVICE PROVIDERS	CUSTOMERS	CENTRAL ELECTRICITY BOARD (CEB)	CANE PLANTERS
Value Contribution	The skills, experience, productivity and enthusiasm of our employees is the foundation of Terra's ability to deliver value.	Shareholders and investors provide the financial capital needed to sustain and grow the business. An overview of the shareholding ownership structure is provided on page 61	Government and regulators provide us with necessary operating licences, and with the regulatory and policy framework that is critical to value creation. They inform what we can do, how we do it, and where we can operate.	Maintaining positive supplier relationships, based on mutual respect, enables us to provide our products, and deliver our customer value proposition efficiently and effectively.	Meeting the needs of our customers – through the specific 'customer value proposition' for each cluster – is the basis for all other values we create. We have a diversity of customers, from wholesale and retail operations to individual consumers across a range of income groups and countries.	The CEB is our principal client for energy generated at Terragen; we strive to maintain this relationship on a long-term basis by providing a reliable and cost-effective supply of energy, and supporting the Government in its commitment for greener energy.	We rely on a regular supply of cane from independent small-scale cane producers to maintain the productivity of our mills and produce our premium specialty sugars. Due to current price challenges farmers are leaving the sector, and there is low interest in the younger generation.
How We Engage	In addition to internal newsletters and website, we have periodic management/employee meetings and individual personal interactions. We run surveys every two years with our employees to assess the levels of employee engagement. No employee engagement survey was undertaken in 2018; in the 2017 survey, a 62% engagement score was recorded.	We communicate through our website, annual integrated report and annual general meeting regarding our performance and strategy. Announcements and communiqués are regularly issued through the Stock Exchange. Certain members of the executive team also meet personally with individual investors. The Chairman and four other members of the Board are also members of the Board of the main shareholder.	We seek to maintain positive relationships with Government through: • Direct personal engagement on specific issues • Participation in public forums • Submissions on draft regulations • Engagement through industry bodies.	We engage regularly with key suppliers and service providers across our clusters to ensure a mutually beneficial relationship, particularly in relation to the provision of critical products, raw materials and services.	The nature of our engagement varies across clusters and customer type. We strive to engage regularly and be responsive to customer interests across our value chain, seeking feedback through individual engagements, as well as broader customer surveys and research.	We maintain a strong and transparent relationship with our client through various communication channels: telephone, meetings, satisfaction survey.	We communicate directly with planters through various channels, including regular meetings before and during harvest, one-to-one in fields, monthly liaison meeting with Farmers Service Centre. We also engage regularly with authorities to identify opportunities to appropriately motivate the next generation of planters.
Key Stakeholder Interests	• Competitive remuneration • Opportunities for personal development • Clear career paths • Clear communication and engagement across the Group	• Delivery of dividends • Strategy to ensure continued growth, and to responsibly manage the risks and opportunities in our markets • Responsible allocation of capital • Sound corporate governance	• Ensuring regulatory compliance • Protecting consumer interests • Contribution to the tax base • Promoting opportunities for job creation and economic development	• Timely payment and fair terms • Realising joint opportunities for growth	• Quality product and service • Appropriate price • Continuity of supply • Relevant product information	• The reliable and cost-effective supply of energy • Open communication on plant performance	• Open and effective communication • Assurance that the mill will crush the canes in a timely and efficient manner and deliver the sugar produced to the MSS
**Quality of our current engagement*	****	***	***	****	****	****	****

***Quality of our Current Engagement Process -** The following scale reflects our internal assessment of the quality of our current engagement

* *No engagement*	We are not engaging in any manner.	**** *Embedded*	Structured engagement processes are in place that inform operational decision-making and are properly embedded in management processes, with clear follow-up action.
** *Reactive*	We have informal *ad hoc* engagement, usually in response to a specific issue or concern; engagement often at an individual rather than organisational level.	***** *Strategic*	High quality engagement mechanisms in place, embedded in governance processes with links to strategic objectives; in depth response mechanism implemented.
*** *Developing*	Generally good engagement with some thought applied in developing an effective engagement process, but it is not structured; no clear performance objectives.		