

terra



# OUR ANNUAL INTEGRATED REPORT

presenting our strategic framework for long-term value creation

Terra is a conglomerate, established in Dear Shareholder, Mauritius and operating locally and regionally. Formerly known as Harel Frères, it started out as a small sugar factory in 1838. Today, Terra is one of the major players in the sugar cane sector in Mauritius, managing some 6,000 hectares of agricultural land in the northern part of the island. The Group has diversified its activities, from an essentially sugarbased company to one with interests in energy production, alcohol production and commercial distribution, and property development, along with investments in construction and financial services.

The Board of Directors of Terra Mauricia Ltd ('Terra') is pleased to present this second annual Integrated Report, which provides information relating to the performance, governance and strategy of Terra and its subsidiaries for the year ended 31 December 2018.

While Terra's executive management team was responsible for preparing this report, the Board has reviewed the report and believes that it provides a balanced and appropriate presentation of those factors that have, or could have, a material effect on Terra's ability to create value over time. These factors were identified through a structured process involving Terra's executive management team and other senior managers, in which they reviewed the business model and operating context relating to each of Terra's four clusters: Cane, Power, Brands, and Property and Leisure.

The Board has applied its collective mind to the preparation and presentation of information in this report, which has been guided by the IIRC's International <IR> Framework. The Board approved this report on 09 May 2019.

On behalf of the Board of Directors, we invite you to join us at the Annual Meeting of Terra to be held at Auditorium Paul Eynaud, L'Aventure du Sucre, Beau Plan, Pamplemousses, at 2.00 pm on 26 June 2019.

Yours faithfully,



**Alain Rev** Chairman



# **OUR VALUES**



Defines the way we relate to people in our Group and community



### **Tenacity**

Encourages us to work towards perfection through every endeavour



# **Integrity**

Guides our every action



Gives us the strength and enthusiasm to contribute always with commitment



# **Innovation**

Inspires us to advance by taking the initiative

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Terra Mauricia Ltd

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# Overview

# VALUE

# We Created in 2018

# CUSTOMERS

# Cane



# 80,480 **TONNES**

# **Property** and Leisure

22.16 **HECTARES** of land developed

this year 112,000

to L'Aventure du Sucre 12%



# **VISITORS**

# **EMPLOYEES**



MUR

# MUR 8.7 MILLION

invested on employee training and development ▼17%

**ADDITIONAL** 

jobs provided

23

# **842.4 MILLION** paid in salaries, wages

and other benefits  $\sqrt{9}$ %

# GOVERNMENT



# MUR **61.7 MILLION**

paid in taxes in Mauritius ▲16%

# MUR **679.3 MILLION**

paid in customs and excise duty in Mauritius ▲10%

of specialty sugars in 10 varieties **V8%** 

# COMMUNITIES



# MUR 2.7 MILLION

of CSR sponsorship channelled through Terra Foundation ▼69%

# 33

**PROJECTS** sponsored **V57%** 

# **SUPPLIERS**



# MUR 2.931.5 MILLION

of procurement spend ▲1%

# Power

# 421 **GWh**

supplied to national grid **▼1**%

15%

of national energy mix **▼6%** 

93.1%

plant availability on CEB network **V3%** 



# 25%

share on national renewable energy production **V42**%

# **Brands**



# **1 RETAIL SHOP**

opened in Cascavelle

Carlsberg and Tuborg Beers launched in 2018

# 3,300 DIRECT

B2B customers (Mauritius) **V16**%

# 11,300 **REGULAR**

B2C customers (Mauritius) ▲20%

# PROVIDERS OF FINANCIAL CAPITAL

# MUR **107.9 MILLION**

paid to banks and other lenders  $\triangle 6\%$ 

# MUR

**193.4 MILLION** 

paid in dividends to Terra's shareholders =

# MUR 0.50 EARNINGS

per share \$\triangle 32\%



paid in dividends to outside shareholders of subsidiaries  $\wedge 4\%$ 



# 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.

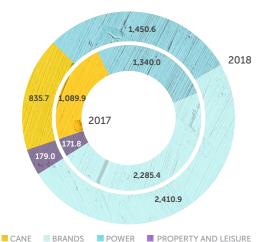
These clusters are autonomous in their decision-making processes, budgeting and reporting, as well as in the day-to-day running of their operations. The leadership team of each cluster is fully accountable for their cluster's respective performance, and is empowered to develop their own businesses and 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.

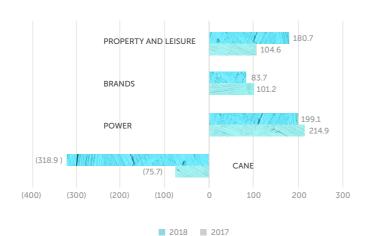
# Terra Mauricia Ltd



# **TURNOVER CONTRIBUTION OF EACH CLUSTER** (MUR million)



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



# Cane

# 387 **EMPLOYEES** at Terragri (Agriculture) **EMPLOYEE**

**TURNOVER** RATE ▼4%

751,121 **TONNES** 

of sugar cane milled **▼13**%

80,480 **TONNES** 

159

5,195

**EMPLOYEES** 

**HECTARES** 

at Terra Milling

of sugar produced ▼8%

of land under cane cultivation ▼5%



# Property and Leisure

**EMPLOYEES EMPLOYEES** 

at L'Aventure du Sucre at Novaterra

**EMPLOYEE TURNOVER RATE ▼**7.6%

**HECTARES** of land developed

22.16

68.982 m<sup>2</sup>

under rent ▲5%



# Clusters

# Power

# **EMPLOYEES**

at Terragen

**EMPLOYEE TURNOVER** RATE ▲10%

share V42%

# 421 **GWh**

sold to CEB ▼1%

93.1% availability on CEB network ▼3%

25% **RENEWABLE ENERGY** 



# 550 **EMPLOYEES**

at Grays Inc.

**EMPLOYEE TURNOVER RATE ▼**24%

SALES from spirits

49%

**6 MILLION LITRES** 

of alcohol produced

# **Brands**

# **EMPLOYEES**

at Grays Distilling

24

own brands =

19% **SALES** 

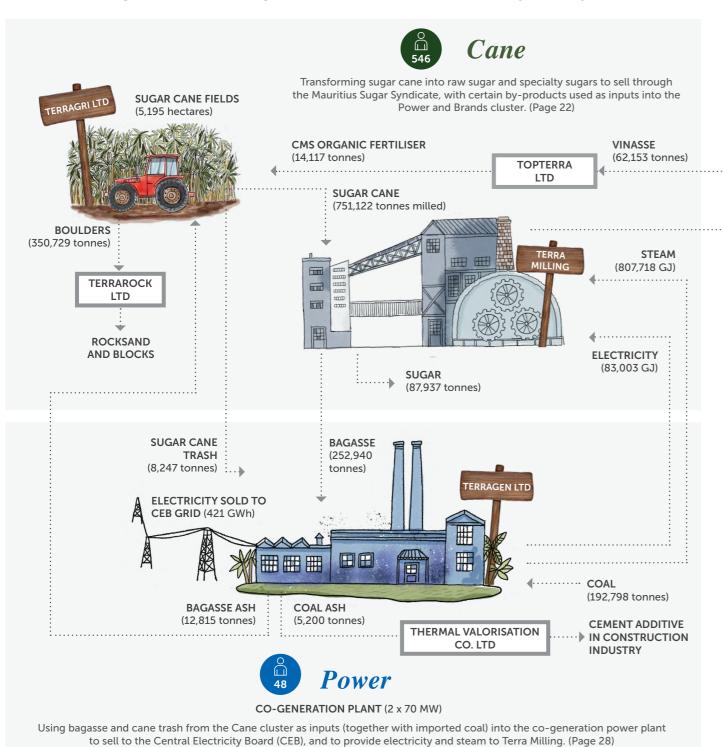
from wines



# OUR BUSINESS *Model*

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

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.





# **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)







# 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 vear 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.

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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<br>MUR' M | 2017<br>MUR' M | Change<br>% |          |
|--------------------------------------|----------------|----------------|-------------|----------|
| 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        | <b>A</b> |
| Net asset value per<br>share (NAV) * | 60.54          | 58.27          | 3.9         | <b>A</b> |
| 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.

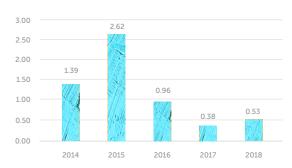
# **PROSPECTS FOR 2019**

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.

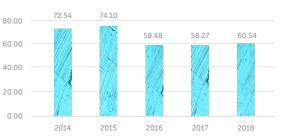
I wish to thank the Board and my colleagues on the executive and finance team for their dedication and guidance throughout the year, and I look forward to addressing the ongoing challenges to meet our objectives.

Henri Harel Group Chief Finance Officer 09 May 2019

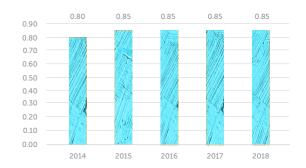
### **EARNINGS PER SHARE (MUR)**



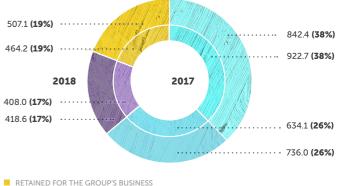
### **NET ASSETS PER SHARE (MUR)**



### **DIVIDEND PER SHARE (MUR)**



### **TOTAL WEALTH DISTRIBUTION (MUR million)**



■ TO EMPLOYEES FOR SALARIES, WAGES AND OTHER BENEFITS

■ TO GOVERNMENT ■ TO PROVIDERS OF CAPITAL

Terra Mauricia Ltd

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# 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** · Shareholders and Investors • Banks • Global Pressure Groups (on sugar) • Governament and Regulators · Central Electricity • Trade Union Cane Planters Board (CEB) • District Councils • Mauritius Cane Industry Authority · Suppliers · Mauritius Sugar Syndicate Neighbouring Communities · Local Councils Investees · Local NGOs · Business Mauritius LOW

Level of interest in Terra Group's activities

18

|                                 | <u>습</u><br>습습  |  |   |  |  | \$  |  |
|---------------------------------|---|--|---|--|--|---|--|
|                                 | EMPLOYEES   | SHAREHOLDERS AND<br>INVESTORS  | GOVERNMENT<br>AND REGULATORS  | SUPPLIERS/<br>SERVICE<br>PROVIDERS   | CUSTOMERS  | CENTRAL<br>ELECTRICITY<br>BOARD (CEB)   | CANE PLANTERS  |
| Value<br>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<br>supplier relationships,<br>based on mutual respect,<br>enables us to provide<br>our products, and<br>deliver our customer<br>value proposition<br>efficiently and<br>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<br>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<br>Stakeholder<br>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   | <ul> <li>Timely payment and fair terms</li> <li>Realising joint opportunities for growth</li> </ul>  | <ul> <li>Quality product and service</li> <li>Appropriate price</li> <li>Continuity of supply</li> <li>Relevant product information</li> </ul>   | 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 Process - The following scale reflects our internal assessment of the quality of our current engagement

\*\*\*\*

\*\* Reactive

\*\*\* Developing

\*\*\*

\*\*\*\*

\* No engagement We are not engaging in any manner.

\*\*\*

We have informal ad hoc engagement, usually in response to a specific issue or concern; engagement often at an individual rather than organisational level. Generally good engagement with some thought applied in developing an effective engagement process, but it is

not structured; no clear performance objectives.

\*\*\*\*\* Strategic

\*\*\*\*

\*\*\*\* Embedded Structured engagement processes are in place that inform operational decision-making and are properly embedded in management processes, with clear follow-up action. High quality engagement mechanisms in place, embedded in governance processes with links to strategic objectives; in depth response mechanism implemented.

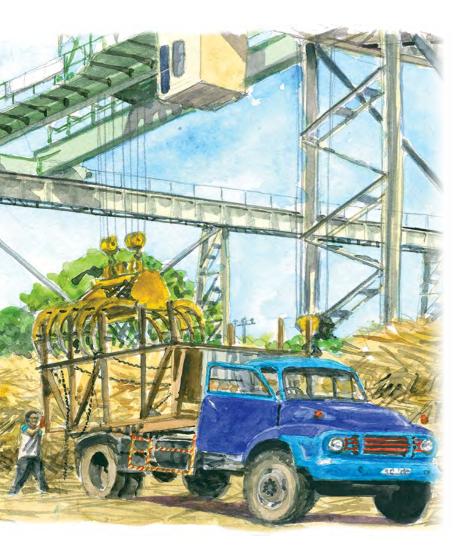
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# REVIEW REVIEW

# CANE



Terra has been growing sugar cane and producing sugar since 1838, when the Harel brothers acquired the Belle Vue sugar estate in the north of Mauritius. Today, we have around 6,000 hectares of agricultural land, and we operate one of the most modern sugar producing factories on the island with a processing capacity of 336 tonnes of cane per hour. In a typical year, the mill processes around 875,000 tonnes of sugar cane and produces 93,000 tonnes of sugar. We also jointly manage two sugar estates and factories in Côte d'Ivoire.

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# **OUR PURPOSE**

To be a global player in growing cane and manufacturing sugar, with a particular focus on specialty sugars

# **OUR BUSINESS MODEL**

Our cane business is primarily a commodity business, shaped by supply and demand dynamics in the global sugar market. In addition to being a price-taker globally, our Mauritian operations are subject to pricing for the local sugar sector determined centrally by the Mauritius Sugar Syndicate (MSS). As a price-taker, our business model is determined largely by our ability to drive efficiency gains in our growing and milling activities, and by securing a price premium through our distinct offering of specialty sugars. We also benefit from our state-of-the-art technology and skills in the mechanisation of cane growing and harvesting.

In the context of the current low-price environment and continuing challenges in the global sugar market, we have adopted a predominantly defensive strategy aimed at driving operational efficiencies across our activities. Our most significant costs are related to labour, followed by repairs and maintenance, fuel and fertilisers. Informed by the recent activity-based costing exercises undertaken in our fields, mills and garage, we are further optimising our production. In addition to delivering enhanced efficiencies at our Belle Vue operation, we have been identifying ways to lower production costs at our Côte d'Ivoire operations. We are continuing to review possible growth opportunities internationally that harness our recognised technological and process skills.

| CAPITAL      | MATERIAL INPUTS (2018)  | MATERIAL OUTCOMES (2018)   |
|--------------|---|--|
| People       | No. of employees: Terra Milling: 159 permanent and  | Injury rate: <b>37.2</b> ▲ <b>28</b> %   |
| 0            | 240 temporary Terragri (Agriculture): 387 permanent and 171 temporary   | Terra Milling: 48 accidents = Terragri (Agriculture): 28 accidents ▼ 15%   |
| Natural      | 5,195 hectares of land under cane cultivation ▼5% 6.2 million m³ of water consumed ▼ 34% 751,121 tonnes of sugar cane milled ▼ 13% 14,117 tonnes of organic fertilisers ▲ 34% 1,569 tonnes of liquid mineral fertilisers ▲ 34% 1,043 tonnes of solid fertilisers ▼ 9% 688 m³ of diesel ▼ 1% | 356,494 tonnes of own cane harvested<br>80,480 tonnes of specialty sugars produced ▼8%<br>4,395 tonnes of CO <sub>2</sub> (from diesel) ▼ 18%<br>13.5 m³ of used oil ▼ 7%<br>17.6 tonnes of used vehicle tyres ▼ 11% |
| Social       | <b>Quality relationships</b> with key stakeholders including: MCIA, MSS, Terragen, planters, employees and labour representatives, and service providers  | Employee turnover rate: 4%  Zero day lost to strike action  MUR 0.3 million of CSR contribution  |
| Intellectual | Renewal of international certifications, including BRC, GMP, Halal and C-TPAT   | Continuous improvement in manufacturing techniques   |
| Financial (  | Cane cluster total equity (Jan 2018):  MUR 8,283.8 million  Debt financing: MUR 532.5 million  Capital expenditure: MUR 125.8 million   | Turnover: MUR 835.7 million ▼ 23.3%  Loss: MUR 318.9 million ▲ 321.3%  Cane cluster total equity (Dec 2018):  MUR 7,723.0 million  Net cash and cash equivalents:  MUR 49.4 million                                  |

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# MATERIAL ISSUE IMPACTING VALUE CREATION

# Continuing volatility in global sugar prices – In 2018 we experienced a record low in sugar prices. This has had a profound negative impact on all global sugar producers outside tariff-protected countries. In Mauritius, the price of sugar was MUR 8,800 per tonne (2017: MUR 11,000; 2016: MUR 15,571), substantially below our break-even price.

Challenging sugar trade dynamics – The global sugar market was profoundly affected by the European Union's abolition of sugar quotas in October 2017, which contributed to a supply surplus and resulting lower sugar prices. The global sugar market is also impacted by strong protectionist measures in many sugar-producing countries, as well as increasing regulatory pressures (such as sugar taxes) and broader trade developments such as the current US/China trade dispute.

Structural challenges in the Mauritian sugar sector – The Mauritian sugar sector has some unique features, including a highly-regulated labour environment and a centralised organisation responsible for the marketing and sale of all locally-produced sugar. Due in part to its regulations resulting from its historical legacy, the country's sugar sector has comparatively high labour costs that negatively impacts its global competitiveness.

**Sustaining supply from small-scale cane producers** – The productivity of our mill and the production capacity of our specialty sugars, require a regular supply of cane from independent small-scale cane producers. Due to the current price challenges, some farmers are leaving the sector, and there is generally low interest from the younger generation to work in the fields. This year, the volume of cane secured from planters was 395,395 tonnes, down from 442,000 tonnes last year and 478,000 tonnes ten years ago.

Rainfall patterns and water availability – 60% of our fields are directly dependent on local rainfall, and thus susceptible to the uncertainties of changing weather and climate. In terms of irrigation for the remaining 40% of our fields, we face increasing competition from other users as the economy grows in the water-stressed north of Mauritius.

# **OUR RESPONSE**

With low sugar prices anticipated to continue at least for the short term, we have maintained a strong focus on enhancing efficiencies across our growing and milling operations. We are working to increase sugar yields and to optimise the production of our specialty sugars that command a price premium.

We are working actively with the MSS to assist them in strengthening the branding and marketing of Mauritian sugar, and to identify new market opportunities, particularly for our distinctive specialty sugars. We believe that the longer-term fundamentals for sugar remain strong, particularly given growing consumer demand in emerging markets.

Given the challenging changing trade and price dynamics in the global sugar market, and the substantial contribution of sugar to the Mauritian economy, we are engaging with Government to encourage measures to enhance local competitiveness. Suggested measures include: reviewing the current regulatory context for labour; providing better reward for the sector's renewable energy sources; and ensuring that millers receive fair return from the Sugar Insurance Fund Board (SIFB).

To ensure a regular flow of cane to our mill, we are placing a strong focus on reviving the interest of existing and prospective independent cane planters. We are working with authorities to identify opportunities to appropriately motivate the next generation of planters.

We have undertaken a detailed assessment of waterrelated risks and opportunities facing the business and we are implementing measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.

# **OUR 2018 PERFORMANCE**

In the context of record-low sugar prices, this has been a particularly difficult year for the business. The Cane cluster posted total losses of MUR 318.9 million, compared to losses of MUR 75.7 million in 2017. We incurred losses both in our Mauritian operations (MUR 325.7 million) and at our associate company in Côte d'Ivoire, Sucrivoire, in which Terra holds a 25.5% stake. The contribution of Sucrivoire to the cluster, including fees received for our management services, amounted only to MUR 6.8 million (MUR 64.4 million in 2017).

This year, 47,193 tonnes of sugar accrued to the Group (2017: 52,635 tonnes), comprising 29,718 tonnes attributable to growing operations (2017: 33,224 tonnes) and 17,475 tonnes to milling operations (2017: 19,411 tonnes). Terra Milling produced 80,480 tonnes of sugar *Tel Quel* (2017: 87,397 tonnes) and 81,907 tonnes of specialty sugars (2017: 87,974 tonnes). The extraction rate was better at 10.82% (2017: 10.17%), while the volumes of cane processed declined to 751,121 tonnes (2017: 867,643 tonnes). Our average yield was 7.95 tonnes of sugar per hectare (2017: 8.66 tonnes), with an average sucrose content of 12.02% (2017: 12.55%).

### **MAURITIUS:** DELIVERING OPERATIONAL EFFICIENCIES

Given the low-price environment, our priority in 2018 has been to drive down the costs of production across our operations and activities, and as far as possible to reduce our break-even price. We made very pleasing progress this year in reducing costs, delivering fully and earlier than anticipated on our 2020 vision. We completed our substantial internal reorganisation, progressed with the introduction of Kaizen concepts across the business, delivered marked cost reductions by optimising our transport services and improving our stock management practices, and realised material efficiencies through improved labour productivity and reduced irrigation costs.

We invested MUR 69.9 million in enhancing the mill's performance and improving operational efficiencies. This year, the mill crushed an average of 5,734 tonnes of cane per day (2017: 6,287 tonnes) and it operated on average 18.9 hours per day. The extraction rate of the mill stood at 97.20 (2017: 97.56), while the milling rate was 303.4 tonnes per hour (2017: 310.1 tonnes). Through our efficiency initiatives, we reduced the cost of production of milling by MUR 47.3 million (a reduction of 9% on 2017), and the cost of growing by MUR 37.4 million (a reduction of 5% on 2017). We anticipate valuable additional efficiency improvements over the next three years through the various measures that we have been introducing.

To drive efficiencies in our growing activities, we have been implementing more efficient harvesting and soil preparation measures, and introducing new technologies and field maintenance activities, including through the increased use of artificial intelligence, designated software and drones. Early in the year we introduced a new procurement strategy, which has already delivered significant savings, achieved by renegotiating prices and terms with existing suppliers, and through more efficient on-boarding of new suppliers.

We have also made valuable progress in further instilling a culture of health and safety in our operations, through a combination of investments in technical equipment and a continuing focus on internal communication and employee training. These activities contributed to reducing the accident occurrence to 28 at Terragri (Agriculture) (down 15%) while at Terra Milling, the number of occurrence was 48, similar to 2017.

# CÔTE D'IVOIRE: A DISAPPOINTING YEAR

This has been a disappointing year for the two sugar estates and factories in Côte d'Ivoire that we manage jointly with SIFCA, our Ivoirian partner. *Sucrivoire* sold 109,777 tonnes of sugar (comprising 87,977 tonnes of own production and 21,800 tonnes imported), compared to 108,034 tonnes in 2017. This year, production from our factories in Borotou and Zuenoula, which collectively supply half of the sugar consumed in the country, amounted to 87,977 tonnes, compared to 82,064 tonnes in 2017. The revenue for 2018 was at par with 2017, despite a marginal increase in volume sold combined with a lower mean selling price, due to the sales mix. There were significant increases in depreciation and finance charges. No major exceptional item was recorded in 2018, as compared to 2017 when we received insurance compensation for the fire which occurred at our factory in Zuenoula in October 2015. The above explains the losses incurred in 2018.

Furthermore, in 2018 we noted a poor management of mosaic disease in some sugarcane fields (this will take around three years to recover), low cane purity in fields, poor extraction in mills, and an inadequate monitoring of the cost of production.

Given the Côte d'Ivoire's encouraging GDP growth rate (7.70% in 2018), we believe that the country offers valuable growth potential. Our short-term objective is to grow sugar production from current levels to around 160,000 tonnes by 2023. To do so, however, we will need to substantially increase productivity and drive further efficiencies, reducing production costs to international norms. We will continue to be involved in the operation and will be actively exploring opportunities to drive the necessary improvements.



# **OUR STRATEGIC OUTLOOK**

Our recently approved 2022 Vision for the cluster aims to ensure our continued resilience and growth in the current very challenging price environment. Our primary focus is on managing those activities where we are currently invested, improving efficiencies and further optimising production.

We have prioritised the following areas:

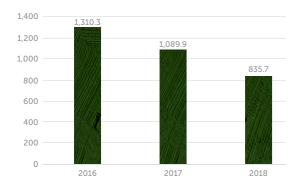
- · Driving further efficiency and productivity gains across our operations and workforce, including through control and process automation, introducing leaner organisational structure at all levels, delivering enhanced productivity specifically in our bagging, workshop and laboratory areas, and improving stock management and transportation logistics;
- Maintaining a strong focus on embedding a change of culture across the operation;
- Ensuring continuous improvement in our manufacturing techniques;
- · Optimising the production of our specialty sugars, and continuing to collaborate with MSS to enhance the global marketing, pricing and volumes of Mauritian specialty sugars;
- Partnering with others to identify and deliver solutions to motivate and retain small-scale farmers;
- · Further improving our water consumption and ensuring better utilisation of effluents for irrigation.

On the back of these initiatives we are confident that we will become more competitive, hopefully also aided by Government policy changes that will assist the local sugar sector to be able to play on a more level playing field. With the recently announced closure of Medine sugar factory, we expect a volume of canes from Medine Factory Area to be rerouted to Terra Milling. We are looking to be more directly involved in our Côte d'Ivoire's operations, which needs a significant investment in upgrading its skills-sets and equipment to sustain its future profitability. In addition to driving lean techniques across our existing operations, we will continue to explore opportunities for global diversification, harnessing our recognised technological and process skills in those regions that offer the right balance in terms of risk versus the potential return on investment.

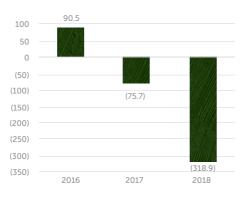
# **PERFORMANCE GRAPHS**

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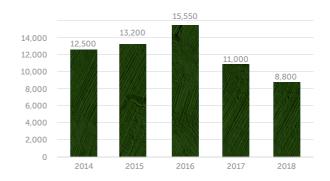
### **TURNOVER (MUR million)**



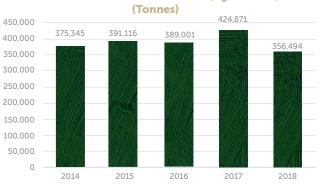
### PROFIT/(LOSS) AFTER TAX (MUR million)



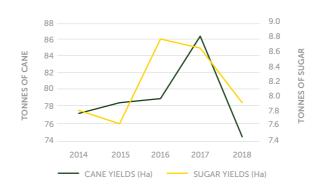
### **SUGAR PRICE (MUR per tonne)**



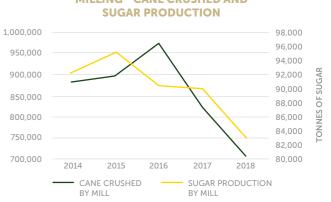
### **CANE HARVESTED BY TERRAGRI (Agriculture)**



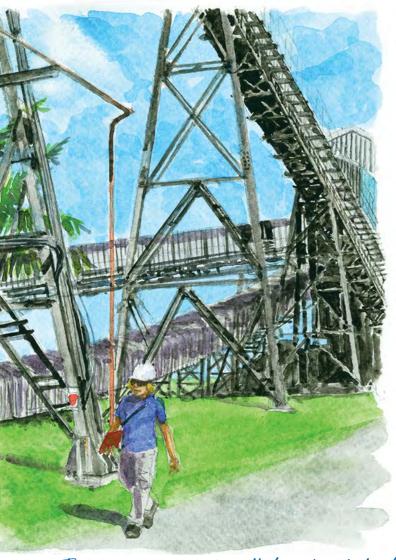
# **YIELDS PER HECTARE**



# **MILLING - CANE CRUSHED AND**



# POWER



Terragen is a power producer that supplies electricity to the Central Electricity Board (CEB), as well as electricity and steam to Terra's sugar mill, through two 35 MW thermal units. Operating in a joint venture partnership with French company Albioma, we generate electricity and steam by burning bagasse and cane trash during the crop season (from July to December), and imported coal during the intercrop season.

# **OUR PURPOSE**

To supply reliable and affordable electricity to the country, be available on the CEB grid and consolidate our position as a major player in the production of renewable energy

# **OUR BUSINESS MODEL**

We deliver value by ensuring a regular and reliable supply of electricity to the CEB and to our partner, Terra's sugar mill. Our business model requires that our energy is available on demand; we strive to respond as quickly and efficiently as possible to calls for production from the CEB, and to continuously maintain a reliable supply by avoiding breakdown incidents and minimising disruption from any incidents that might occur. As our plant currently works close to its peak capacity, our opportunity for additional revenue generation derives primarily through optimising the efficiency of Terra's sugar mill, thereby reducing their share of energy usage and releasing further capacity for sale to the CEB network.

As part of our commitment to drive renewable energy in Mauritius and decarbonise our energy inputs, we are continually looking for opportunities to substitute coal with bagasse, cane trash and other biomass sources. We also maintain a strong focus on safety and health, and on continually identifying opportunities to improve our environmental management, particularly water consumption and dust emission.

| CAPITAL      | MATERIAL INPUTS (2018)   | MATERIAL OUTCOMES (2018)  |
|--------------|--|---|
| People       | 48 employees with the appropriate technical skills and motivation  | Zero accidents Injury rate: 0 Lost day rate: 0  |
| Manufactured | 1 generation plant of <b>450 GWh</b> capacity <b>Two units</b> of 35MW operating on three types of fuel: <i>Coal</i> , <i>bagasse</i> , <i>trash</i>                                       | <b>420.6 GWh</b> produced, constituting around <b>15</b> % of the national energy mix   |
| Natural      | 192,798 tonnes of coal ▲ 2% 252,940 tonnes of <i>bagasse</i> ▼ 14% 8,247 tonnes of sugarcane trash ▲ 13% 1,578,574 million m³ of water ▼ 7%  | 449,973 tonnes of CO <sub>2</sub> (coal) ▲ 3% 213,816 tonnes of biogenic CO <sub>2</sub> (bagasse) ▼ 14% 12,289 tonnes of biogenic CO <sub>2</sub> (cane trash) ▲ 10% Zero environmental emergency situations |
| Social       | Our business model depends on maintaining quality relationships with key stakeholders including: CEB, Terra Milling, regulatory authorities, small-scale planters, suppliers and employees | Employee turnover rate: 10% MUR 33.1 million payment in taxes MUR 4.5 million of CSR contribution   |
| Intellectual | First Mauritian firm to be granted in 2014 an AFNOR certified integrated management system certificate based on ISO 9001, ISO 14001 and ILO OSH 2001                                       | 93.1% availability on CEB network Reliability: 5 plant trips Specific coal consumption: 604 g/kWh   |
| Financial    | Terragen total equity (Jan 2018):  MUR 828.3 million  Total borrowings: Nil  Capital expenditure:  MUR 42.1 million  | Turnover:  MUR 1,450.6 million ▲ 8.3%  Profit: MUR 199.1 million ▼ 5.9%  Terragen total equity (Dec 2018):  MUR 816.2 million  Net cash and cash equivalents:  MUR 73.0 million                               |

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# POWER

# MATERIAL ISSUE IMPACTING VALUE CREATION OUR RESPONSE

single client, changes in the power purchase strategy of our client can impact the sustainability of our industrial model.

**Dependency on a primary client** – Being heavily dependent on a We continue to invest in maintaining our ability to provide a regular and reliable supply of energy. This has been another pleasing year, with exemplary availability levels and competitive pricing contributing to a sustained positive client relationship.

Potential regulatory changes – Changes in environmental regulation could require significant investment in new equipment and possible changes to current processes.

We engage regularly with authorities to keep abreast of potential regulatory changes and ensure that appropriate measures are taken. We are identifying opportunities to minimise our emissions and reduce the use of coal by increasing the use of cane trash and other biomass sources in the energy mix.

Unplanned disruption to generation or transmission activities – Unplanned outages, associated for example with a fire, mechanical breakdown, cyclone activity or disruption in the coal supply chain, could impact the ability to deliver energy.

We have a preventative maintenance programme and clear risk management processes and response measures in place. We have a safety bulk storage of coal onsite and have diversified to several coal suppliers. The power plant is designed to withstand cyclonic gusts of up to 260 km/h.

### **OUR 2018 PERFORMANCE**

This year, we generated 420.6 GWh of electricity, at 93.1% availability, contributing to profitability of MUR 199.1 million, slightly down from MUR 214.9 million in 2017. We have invested, in partnership with Terra Milling to further enhance operational efficiencies in the sugar mill process, even if performance results were not fully achieved due to slow downs in the sugar mill operation during the crop season. Although our annual scheduled shut-down for maintenance was slightly longer than last year due to the nature of the required work, it was completed ahead of schedule.

# **DECARBONISING OUR ENERGY MIX**

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We have maintained a strong focus on delivering on our commitment to decarbonise our energy mix by shifting from coal to biomass. with particular emphasis this year on further increasing the use of cane trash. We continue to invest in our processes for managing this alternative raw material input and work collaboratively with Terragri's field teams to increase the collection, compacting and transportation of cane trash. As a result, we have further improved our cane trash collection despite a lower quantity of sugarcane harvested in 2018. We generated 7.5 MW using 8,247 tonnes of cane trash, up from 7,526 tonnes collected in 2017.

We have also started exploring the viability of growing and burning eucalyptus as an additional source of biomass. Our drive to increase the use of bagasse, cane trash and other biomass provides a valuable opportunity to enhance the 'greening' of energy generation in Mauritius, and to reduce the island's coal imports. The ability to do so is contingent, however, on ensuring a competitive cost and price structure, and on maintaining the sustainability of the cane industry.

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We made further progress this year with our carbon burnout project, a joint-venture between Terragen and Omnicane that is aimed at collecting ash, a by-product of coal combustion, and passing this through a re-burning process that will transform this into raw material for the production of cement. This year, 23% of our coal fly ash (5,200 tonnes) was sent to the plant, substantially up from 6% in 2017. Through this process we can reduce the carbon content from around 20% to less than 5% and reuse the energy released to produce electricity.

# PLEASING SAFETY AND HEALTH AND ENVIRONMENTAL PERFORMANCE

We had another very good year in terms of safety and health and environmental performance. We achieved a zero injury rate for Terragen employees, making it two successive years without any accident causing an injury to employees. This was slightly offset by several safety incidents among our service providers; we are consequently taking steps to drive improved safety performance of our contractors.

On the environmental front, once again there were no material environmental incidents, and we achieved 100% compliance in terms of regulated atmospheric emissions. There were three chemical spillages in the year, but these had no environmental impact due to the effective response of the Terragen teams. We pay particular attention to maintaining good communication with neighbouring residents regarding any potential environmental issues, and we have implemented effective measures to address the concerns expressed in previous years regarding dust and ash emissions.

# **OUR STRATEGIC OUTLOOK**

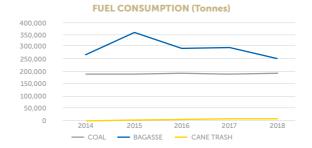
Our strategic focus is to maintain our high levels of availability and reliability, and to realise any opportunities to further improve efficiency. We will continue to explore opportunities to increase the consumption of cane trash and identify other potential sources of biomass that can be used as fuel. As part of long-term preventative maintenance measures, we will be conducting major maintenance works of one steam turbine and boiler grate and investing in a new air heater, replacing the roof of the machine room, and further improving our safety, health and environmental performance. Planned initiatives include: reinforcing

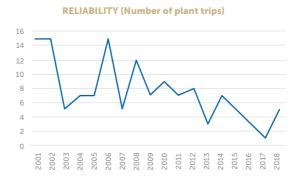
our safety culture at all levels with particular emphasis on external service providers: improving the effectiveness of fire prevention and protection measures; reducing water consumption and chemical use; improving the control of dust emissions; and ensuring the renewal of our OSE certification for another three-year period.

Ahead of the 20th anniversary of our Power Purchase Agreement with the CEB, in June 2020, discussions around the renewal of the contract should start in the near future

# **PERFORMANCE GRAPHS**

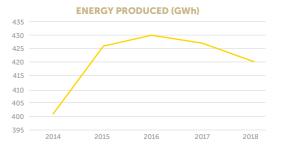




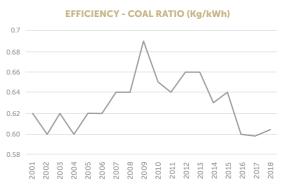


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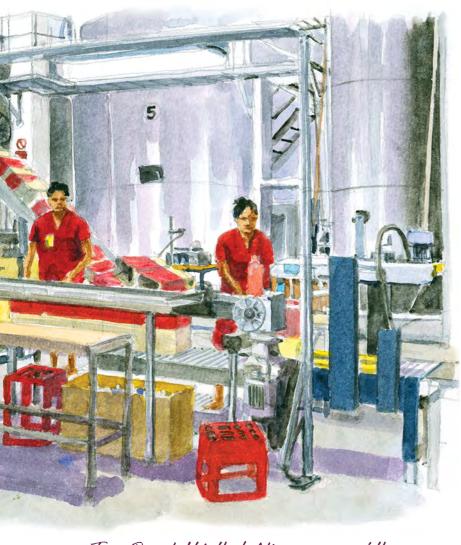






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# BRANDS



Terra Brands Ltd, the holding company of the Grays cluster, is one of the pioneers in the Mauritian distillation sector, the leading local producer of alcoholic drinks derived from sugar cane, and a top importer and distributor of quality spirits and wines. Established in 1931, we have diversified our activities to include the distribution and sale of personal care and cosmetics to the end consumer.

# **OUR PURPOSE**

We build leading brands in our markets, and we market the spirit of our brands internationally

# **OUR BUSINESS MODEL**

Our value proposition focuses on our strong brands and our ability to drive efficiencies through a structured route to market. Our core competencies lie in spirit production and distribution, brand building and premium retail. Through our efficient distribution activities, we bring synergy to the Group's sugar operations by transforming by-products of the sugar production process into value-added spirits.

In addition to our own well-recognised brand offering in dark spirits (aged, spiced and flavoured rums and Scotch whisky) and white spirits (cane spirit, white rum, vodka, gin and others), we offer global third-party brands in wine, whisky, personal care products and snacks. We market our wines and spirits through our own 20/Vin outlets, as well as through selected retailers and hotels across Mauritius. As a vertically integrated company we manage all stages of production locally, from refining to bottling and packaging, ensuring guaranteed quality for the finished product. We have recently begun to export our expertise into other sugar-producing countries to deliver further value from this vertical integration.

Given the labour-intensive nature of our production and distribution activities, we place particular emphasis on nurturing strong relationships with our employees, and on maintaining our position as a recognised employer of choice in the north of Mauritius.

| CAPITAL      | MATERIAL INPUTS (2018)  | MATERIAL OUTCOMES (2018)   |
|--------------|---|--|
| People       | 633 employees 34 outside Mauritius (including above)  | Injury rate: 21.0  |
| Manufactured | 6 million litres of alcohol at the distillery 6 existing stores 7,000 m³ of warehouse space 1,600 m³ of dedicated ageing cellars  | 1 new store in the year 1,500 m <sup>2</sup> of new warehouse space in the year  |
| Natural      | 24,888 tonnes of molasses ▼ 1.7%<br>817 m³ of alcohol (100%) ▲ 7.8%<br>84,044 m³ water ▼ 6.6%   | 31.5 tonnes of glass bottles recycled ▼ 41% 9.0 tonnes of plastic waste recycled ▼ 18%   |
| Social       | Our business model depends on quality relationships in particular with: employees, MRA, Government, brand owners, suppliers and customers   | 23.9% employee turnover (2017: 24.4%) Recognised as employer of choice MUR 699.8 million payment in taxes (Mauritius) MUR 2.5 million CSR contribution                         |
| Intellectual | 24 own brands   | 5 new brands established 74 previous brands discontinued Progress in securing QSE certification  |
| Financial    | Terra Brands total equity (Jan 2018):  MUR 543.6 million  Total borrowings: MUR 679.7 million  Capital expenditure MUR 114.8 million out of which 60.0 million in distillery improvements | Turnover: MUR 2,410.9 billion ▲ 5.2% Profit: MUR 83.7 million ▼ 17.3% Terra Brands total equity (Dec 2018): MUR 549.7 million Net cash and cash equivalents: MUR 151.8 million |

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# BRANDS

# MATERIAL ISSUE IMPACTING VALUE CREATION

significant excise duty on alcoholic drinks reduce the affordability of for alcoholic beverages, we have diversified our product products locally. Although there was no increase in excise duty this year, offerings to include both luxurious and more affordable this remains a material issue. Stricter regulations on the consumption and alcoholic products, as well as expanding into foods and advertising of alcohol can also impact demand.

Increasing health consciousness and a greater online presence of We continually monitor changing consumer tastes and consumers - The growing awareness of health-related issues among behaviour and strive to refine our product portfolio consumers, and an increasing shift to online shopping, presents both risks accordingly. Through our diversification strategy we have and opportunities for our business.

Global mergers and acquisitions – Mergers and acquisitions among global producers of our branded products can potentially impact the developed brands, with eight of our twenty best performing availability of our existing offerings.

# **OUR RESPONSE**

Changing regulations and excise taxes – Increases in the already To mitigate these risks, which affect the full local market personal care products.

> identified new opportunities for revenue growth, including specifically in the healthy foods and personal care products sector

> We have diversified our products to include locally brands now developed in-house or acquired. We have benefited by obtaining distribution opportunities for new brands following recent mergers and acquisitions.

# **OUR 2018 PERFORMANCE**

We achieved further steady growth in turnover, with the year ending at MUR 2,410.9 million, up 5.2% on MUR 2,285.4 million revenue in 2017. Profit after tax was MUR 83.7 million, down on MUR 101.2 million in 2017. The decrease reflects continuing pressure driven by consumer sophistication, with an increasingly competitive market and rising labour-related costs constraining margins, coupled with the disposal of 70% of our subsidiary in Uganda and non-recurring expenditures. We also faced unexpected logistical challenges in the supply chain this year, negatively impacting costs.

# **BRANDS:** PLEASING SALES IN A CHALLENGING **OPERATING ENVIRONMENT**

Despite the tough trading environment, we had another year of positive sales performance in our own and managed brands across the year. Spirit sales grew, boosted in particular by increased sales of Scotch whisky, reflecting changing consumer tastes. There was also solid growth in wine sales and personal care products, as well as significant growth in the export of our branded rum. To broaden our portfolio of premium aged rum, we have invested in a new subsidiary named 'Beau Plan Cellars', designed at ageing rum for third parties to promote the 'Mauritius Origin' and maximise value in this segment. The first phase started in 2018 and will be completed by the end of 2019. Introductory products, which were developed in our New Grove cellar, met great interests from potential buyers.

### **DISTRIBUTION:** CONSOLIDATING RELATIONSHIPS

An important foundation for our strong performance is our ability to manage our value chain and engage directly with the end consumer through our distribution activities. The launch and expansion of our 20/Vin network of stores have supported this strategy in the wines and spirits market. This year we opened one new flagship 20/Vin store in Cascavelle; we now operate ten stores across the country.

# **PRODUCTION:** INVESTMENT IN THE DISTILLERY **DELIVERS RESULTS**

This year, we made a substantial investment of MUR 60.0 million in a new boiler and molasses storage tank, as well as further investments in energy-saving equipment. The new boiler was commissioned early 2019, late but within budget, and will contribute to greater cost efficiency and reduced environmental impact. In 2018, our distillery produced 6 million litres of rum and spirit, equivalent year-on-year because of limited molasses supply. Due to improvements in our fermentation processes, we achieved yields of 240 litres of alcohol per tonne of molasses, up 2% on 2017; we anticipate further yield improvements in 2019. The shortage of molasses in Mauritius currently constrains the distillery from producing at full capacity. We are investigating the feasibility of installing a new fermentation plant, and we are continuing to work on securing QSE certification of our distillery and brand activities.

# **INTERNATIONAL OPERATIONS: POSITIVE OUTLOOK** FOR SEYCHELLES

Despite a challenging year with our wine and spirits operation in the Seychelles, we believe that there is valuable growth potential in the retail business and luxury hospitality sector. We are confident of delivering positive growth under the leadership of our highly experienced new Managing Director, appointed late in 2018. Following the recent disappointing performance of our Uganda venture, which primarily distributes imported spirits and our own locally manufactured gin, we have divested from most of the business, and remain only as a minority shareholder.

# **OUR STRATEGIC OUTLOOK**

For the year ahead we will be further consolidating our brand offerings in wine and spirits, ensuring an optimised product mix that focuses on our high net-contribution activities, as well as looking to realise additional growth opportunities in the food and snacks and personal care and cosmetics businesses. In addition to driving growth in Scotch whisky sales in the local market, we will be promoting the development of more specialised products, such as 'pure cane' rum ('rhum agricole') and specialised aged rums for export. Following the first phase of 'Beau Plan Cellars', we plan to continue with phase two and three over the next five years, investing up to MUR 250.0 million. Sales will only start in year three and reach sustainable levels in year five.

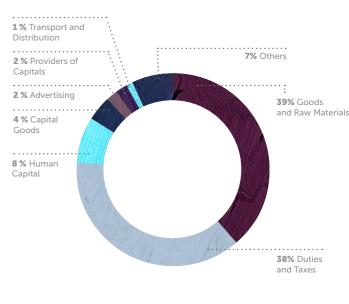
We will continue to identify opportunities to drive further efficiencies across our supply chain, lowering freight and handling costs, optimising store layout and enhancing stock management through demand-driven management resources planning. We will also be seeking to improve efficiencies in the recruitment and retention of committed sales and marketing personnel. For our international operations, our primary focus will be driving revenue growth in the Seychelles market.

# **PERFORMANCE GRAPHS**





### **USE OF FUNDS BY CATEGORY**



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# PROPERTY AND LEISURE



Established in January 2016,
our Property and Leisure business (Novaterra)
focuses on utilising Terra's land assets to establish
an innovative property-development cluster
in the north of Mauritius. The cornerstone of this
development will be the Beau Plan Smart City and
the Balaclava Golf and Lifestyle Estate, both of
which aim to positively transform the region.

# **OUR PURPOSE**

# To increase and unlock the value of the Group's land holdings

# **OUR BUSINESS MODEL**

Our Property and Leisure cluster seeks to deliver long-term value from the Group's existing land ownership in the North. We have identified two priority zones for development — the Beau Plan Smart City development and the neighbouring Balaclava Golf and Lifestyle Estate — the development of which will be supported by the targeted sale of 'non-strategic' land that will generate cash flow for investment and enhance the value of the broader property portfolio.

Our most immediate focus is on delivering value through the Beau Plan Smart City project. Occupying an area of 228 hectares in the Pamplemousses region, one of the most densely populated districts in the north of Mauritius, the proposed development benefits from easy access to major new roads and public transport services, in a site identified as a rural regeneration zone in the Government's National Development Strategy.

We strongly believe that the Smart City will become an important economic hub, creating thousands of employment opportunities, and providing an appealing commercial, residential, education and leisure environment. The site adjoining the villages of Pamplemousses and Bois Rouge is being developed in the vicinity of the existing historical botanical garden and around the sugar museum and business park, which - together with the recently established African Leadership College, Greencoast International School and other educational, commercial and recreational developments is already drawing people to the area. The final development will include retail outlets, office parks, residential offerings and recreational areas, as well as medical and sports facilities, cultural activities and an enlarged university campus. The Smart City will be designed to integrate multiple digital connectivity solutions, encouraging the uptake of renewable energy sources and facilitating a healthier lifestyle through the provision of quality recreational spaces and nonmotorised transport infrastructure.

# Delivering broader societal value

The Beau Plan Smart City development is anticipated to create at least 8,400 new and direct jobs in the Smart City itself, with an additional 500 construction jobs during the construction phase, and another 5,000 indirect jobs for the suppliers of associated goods and services. We will be providing training to develop the skills of people in the region, including small business management, organic farming and ICT. In addition to boosting job creation opportunities, our development will have a positive impact on the value of Terra's existing land, as well as on the property of our neighbours, contributing positively to the general enhancement of the region.

| CAPITAL      | MATERIAL INPUTS (2018)   | MATERIAL OUTCOMES (2018)   |
|--------------|--|--|
| People       | 118 employees  | Consolidation of development and sales team Injury rate: 9.07  |
| Manufactured | Available space for rent:  • Industrial: 35,076 m <sup>2</sup> • Office: 12,110 m <sup>2</sup> • Residential: 24,022 m <sup>2</sup>  | Occupancy rate: <b>96.9</b> % ▲ <b>0.8</b> %   |
| Natural      | <b>573 hectares</b> of land approved for development   | Waste segregation Optimising energy use Recycling waste water  |
| Social       | Our business model depends on maintaining quality relationships with key stakeholders including: Government, tenants, project developers, financiers, neighbouring communities and the media | 7.6% employee turnover rate MUR 2.2 million payment in taxes MUR 0.4 million of CSR contribution 112,000 persons visited L'Aventure du Sucre   |
| Financial    | Property and Leisure total equity (Jan 2018):  MUR 2,469.4 million  Total borrowings: MUR 1.5 million  Capital expenditure: MUR 4.7 million  | Turnover: MUR 179.0 million ▲ 4.2%  Profit (including profits on land sales):  MUR 180.7 million ▲ 72.8%  Property and Leisure total equity (Dec 2018):  MUR 2,958.5 million  Net cash and cash equivalents:  MUR 25.3 million |

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# PROPERTY AND LEISURE

### MATERIAL ISSUE IMPACTING VALUE CREATION **OUR RESPONSE**

permits, could impact on the nature, cost and timing of proposed developments.

Regulatory and policy framework - Changes in Government We keep a very close watch on current and proposed regulatory policy and regulation relating to property development, as well and policy developments, and we place a high priority on building as any delays in obtaining approvals and other government and maintaining strong relations with Government and regulatory authorities. We have developed diversified service offerings to minimise any negative impact resulting from changes in Government strategy. We have efficient land management tools in place enabling us to adapt quickly to the continuously changing legislative environment

The changing competitive and business environment -A potential oversupply of properties on the market, and other changing market dynamics, could result in low occupancy rates, a loss of revenue and reduced return on investment.

We are ensuring the timely implementation of a mix of facilities, to provide a compelling proposition for entrepreneurs to develop or relocate their business. We have established a strong marketing and communications team and we have already secured the commitment of some key anchor tenants in the retail and boutique leisure sectors.

provider to complete their commitments on time and within developments in a timely and cost-efficient manner.

Non-delivery by service providers – The failure of any service Our experienced team conducts rigorous screening prior to contracting third party service providers, with provision for appropriate budget reduces our ability to deliver the full potential of our contractual remedies should the service provider underperform. We undertake regular quality controls during the construction phase to track delivery against the approved programme of works, and we ensure service providers are properly insured.

# **OUR 2018 PERFORMANCE**

This has been a very satisfactory second full year in operation. We met our budget for the year, delivering profit after tax of MUR 180.7 million (up from MUR 104.6 million in 2017), and achieving MUR 88.7 million in rental income for the period, a 9.5% increase on last year. We obtained the certificate for the Beau Plan Smart City, met most milestones for the year's projects and sales targets, and made valuable progress in obtaining additional land conversions for priority areas.

# PLEASING PROGRESS IN IMPLEMENTING **OUR STRATEGY**

The first step in delivering on our strategic goal of realising the value of the Group's land holdings was to recruit and appoint a talented multidisciplinary leadership team, structured to provide services across five departments: project development and finance; land management; property and assets; marketing and sales; and project management. The appointment of our team of property development and management professionals was successfully completed in 2017.

This year our main focus has been on providing momentum to the Beau Plan Smart City development. We have made very encouraging progress, delivering the successful completion, among others, of the African Leadership Campus, the first phase of the Greencoast International School, the La Louisa Equestrian Centre and the Patrick Mavros jewellery atelier. The planning and design processes is well under way for our retail and office developments, boosted by the commitment we have secured from some important local and foreign partners and anchor tenants. In driving these developments, we have placed a strong emphasis on rationalising costs and improving efficiency at all levels across our activities. To ensure efficient land management, we have invested in GIS systems and recently completed a cadastral plan detailing land use per region and business activity.

One of Terra's subsidiaries within the Property and Leisure cluster is Sugarworld Ltd. Operating under the brand name L'Aventure du Sucre, which runs a museum showcasing the history of sugar operations in Mauritius. This year it posted a turnover of MUR 99.8 million, up 7%

# **OUR STRATEGIC OUTLOOK**

Our main focus for the year ahead will be to build on our momentum for the Beau Plan Smart City. We will be finalising deeds of sale with key partners, securing new agreements with development partners, and looking to obtain regulatory approval for the Balaclava Golf and Lifestyle Estate.

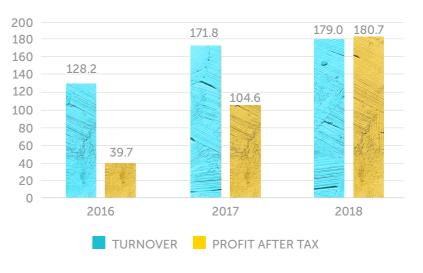
A significant milestone next year will be to start the development of our planned retail and office parks, our apartment and duplex projects, and a boutique hotel. We will maintain a strong focus on reducing the development costs of our projects, targeting efficiency opportunities at all different stages, from inception to operation.

We will also be developing and rolling out our comprehensive marketing and communication strategy, aimed at building Novaterra's reputation locally and internationally, in view to attracting the full range of anticipated tenants.

Over the longer-term, we plan to develop the 200-hectare golf and lifestyle estate on the neighbouring 'Balaclava' coast, with the proposed 18-hole golf course and villas with beach access fully complementing our Smart City offering at Beau Plan and linked with a dedicated green corridor.

# PERFORMANCE GRAPH

### **TURNOVER AND PROFIT AFTER TAX (MUR Million)**



Profit/(Loss)

MUR'M

Revenue

# INVESTMENTS

# in Associates

40

|              | Revenue<br>MUR'M   |       |          | Profit/<br>MU | %<br>Effective-<br>holding |       |
|--------------|--|-------|----------|---------------|----------------------------|-------|
|              | <b>SWAN General Ltd</b> is the leading insurance general and life assurance company and financial solutions provider in Mauritius. It provides a range of insurance and financial solutions, from short-term and long-term insurance and retirement plans, to wealth management and stockbroking; for corporate clients and individual customers.  | 1,642 | <b>^</b> | 327.6         | <b>^</b>                   | 34.03 |
| FINANCE      | Terra Finance Ltd offers advice and assistance to Terra's subsidiaries on cash management, and on the negotiation of short and long-term funding. The company is authorised to invest liquidities among various subsidiaries, and to manage their foreign currencies and exposure to currency and interest rate risks by using hedging tools.  | 18.5  | •        | 1.4           | •                          | 100   |
|              | Inside Capital Partners Ltd is an independent private equity manager seeking to invest through equity in strong potential opportunities in selected Southeast African countries. It is a limited company domiciled in Mauritius and also has an office in Lusaka, Zambia.  | 28.2  | <b>A</b> | (8.7)         | <b>A</b>                   | 24.50 |
|              | Payment Express Ltd is growing into a key payment processor for the African market. The company is certified by both VISA and MasterCard, and offers a full suite of payment processing solutions to banks, retailers and other clients.   | 149.3 | <b>A</b> | 11.6          | <b>A</b>                   | 27.80 |
|              | Terrarock Ltd, incorporated in 1990 further to Terra's policy of field de-rocking, is involved in the manufacturing and sale of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd, the strategic partner of Terrarock.   | 189.1 | <b>^</b> | 27.4          | <b>V</b>                   | 45.00 |
| CONSTRUCTION | REHM Grinaker Construction Co. Ltd is a construction company set up in partnership with Aveng Grinaker-LTA, one of the largest construction companies in South Africa. REHM Grinaker is among the leading construction companies in Mauritius, involved in industrial, commercial, high-end hospitality and leisure projects, as well as in civil and infrastructure works. The company has gained recognition for quality-on-time on a wide range of projects in building and civil engineering, conventional contracts and design-build. | 950.5 | •        | 11.0          | <b>A</b>                   | 35.49 |
|              |  |       |          |               |                            |       |

### Harel Mallac & Co Ltd (HMC) is a publicly quoted conglomerate, mainly involved in the following business segments: chemicals, technology, engineering, distribution, services, and property. 4,265.4 67.8 26.10 Terra holds directly and through holding entities over 26.1% of HMC's capital, but is not represented on HMC's Board and does not exercise significant influence on the company. Horus Ltée has an 18% stake in United Docks Ltd, a company listed on the Stock Exchange of Mauritius 4.0 50.00 and holding property in the Port Louis harbour zone. Terravest Ltd is active in development in East Africa, selling plastic equipment such as water tanks, mobile toilets, bio-digesters, septic tanks, HDPE 419.0 31.3 26.67 pipe, gutters and other related plastic products using different technologies including Roto, Blow and Injection moulding. Commada Ltd is a management company that, in March 2010, acquired an effective stake of 5% in Orange Madagascar whose controlling shareholder 0.1 50.00 is France Telecom. This acquisition was made in partnership with a local private equity fund with a total stake of 10%. **INVESTMENTS** Topterra Ltd is a 50:50 joint venture with Island Renewable Fertilisers Ltd, a company that produces 33.33 a liquid fertiliser known as Concentrated Molasses 17.8 (3.6)Stillage (CMS) from vinasse, itself a residue of distillation. Alcohol & Molasses Export Ltd (AMCO) specialises in procurement and logistics for the sugar industry. In addition to the traditional storage and distribution of molasses, AMCO also manages the Coal Terminal (Management) Co Ltd, whose responsibilities include the procurement, transport, storage and 42.7 71.5 41.87 distribution of coal for the power plants of the sugar industry and the needs of the country. As from the beginning of 2018, AMCO is also driving an aggressive procurement strategy to support its shareholders in their quest to lower the cost of inputs in sugar production. United Investments Ltd (UIL) is a holding company with investments in various sectors of the Mauritian 29.03 30.3 63.9 economy. In late December 2013, Terra acquired 29% of UIL's capital, in line with the Group's then policy of

diversifying its activities outside its core competencies.

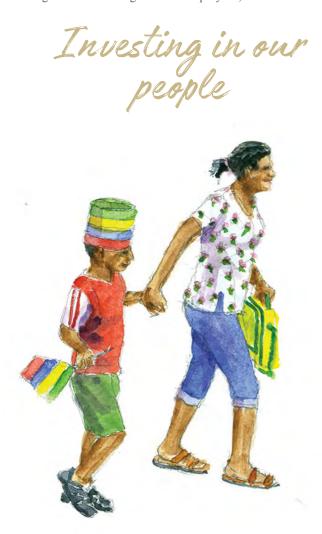
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**OTHER** 

# GROUP-LEVEL **Functions**

Although each of Terra's clusters is completely autonomous in its decision-making processes, budgeting and reporting – and each leadership team is individually accountable for their cluster's respective performance - there are some areas where strategic guidance and support services are provided at a Group level. This section briefly reviews the material performance and outlook of the Group-level activities relating to Terra's management of employees, the environment and the community.



Having the right technical and leadership skills, the diversity of experience and perspective, and a strong performance-oriented culture, is fundamental to Terra's ability to generate value. Terra's Corporate Human Resources (HR) Department, supported by the HR teams at Grays and Terragri, provides the Group's strategic guidance on HR issues, as well as various value-added services, such as customised training and development programmes, HR efficiency matrices, and remuneration and benefit policies. Although training is managed by conducting training needs analysis in each cluster and then formulating an annual training plan, we achieve economies of scale by running some Group learning programmes for all clusters with similar requirements.

### **DEVELOPING A PERFORMANCE-BASED CULTURE**

The recent organisational restructuring has provided an opportunity to run comprehensive discussions with management to identify appropriate key performance indicators (KPIs) for each team and for each role within that team, to ensure that the HR strategy is aligned with business objectives. After agreeing key result areas and KPIs at the executive level, we have begun discussions with other senior managers with the aim of fostering a strong performance-driven culture. We have also recently reviewed the existing structure of executive pay packages to support the longer-term competitiveness of Terra's business units.

### **ENGAGING OUR EMPLOYEES**

We run engagement surveys every two years with our employees to assess the levels of employee engagement. No survey was undertaken in 2018. Basing the Group on the results from the 2017 survey, a 62% engagement level was recorded. We held focus groups at a Group level in 2018 to work on the key engagement drivers with the aim of fostering a high-performance culture across clusters. In 2019 we will be using a new tool that measures both engagement and enablement. We also assist the management to maintain a good employment relationship (employer and employee).

# LEARNING AND DEVELOPMENT

Investing in the learning and development of our employees remains a key strategic initiative. This year, we continued our efforts in building a strong leadership bench strength by providing executive and leadership development coaching programmes. We have been working in collaboration with the African Leadership College (ALC) on co-creating a Leadership Programme that focuses on 'intrapreneurship' and innovation. This will be launched in February 2020. As part of our continued focus on becoming more efficient, we initiated certain 'lean management' principles in collaboration with the National Productivity and Competitiveness Council (NPCC) for our agriculture cluster. We have launched a productivity improvement programme, which is already starting to reap benefits. We are looking forward to pursuing the next steps in the KAIZEN process and disseminating it to our other clusters.

### **HEALTH AND SAFETY**

The Group has a continual improvement approach to providing a healthy and safe working environment for all its employees, sub-contractors and visitors. During 2018, we placed particular emphasis on risk prevention and on enhancing the safety and health culture across the Group, with specific objectives set in each cluster to realise established goals. Following is a summary of the key health and safety initiatives undertaken this year at each cluster:

**Cane:** At Terra Milling Ltd and Terragri Ltd (Agriculture), training and awareness have been the driving tools towards accident prevention. Various workshops were held throughout the year to sensitise employees on understanding high risk activities and fostering a strong safety and health culture. In addition to weekly toolbox talks aimed at raising general awareness, more technical training was provided specifically on fire prevention and fire fighting, working at heights, electrical safety and authorisation of work and chemical safety. To mitigate the risk of fire, we have established emergency response teams, provided the teams with training by professional fire fighters, and undertaken fire drills across all departments in the cluster. Terra Milling aims to achieve ISO 45001:2018 (Health and Safety) certification in 2019.

**Power:** Terragen recorded zero accidents at work with no lost work days since February 2017, which is an excellent result. This pleasing performance is attributed to the active engagement with workers, the sensitisation and training that have been provided, and the level of maturity of the workforce. Despite this encouraging performance, we recognise the need to improve the safety culture and performance of sub-contractors working at the premises. To address this, from 2019 we will be reinforcing health and safety communication, consultation and participation of sub-contractors.

**Brands:** At Grays Inc. and Grays Distilling Ltd, we have re-enforced the risk prevention strategy through increased employee awareness initiatives. Sign boards have been posted in relevant areas to sensitise workers on the area-specific risks, relevant precautionary measures and wearing of personal protective equipment. During the year, an evaluation of the whole electrical installation of the premises was undertaken to improve electrical safety. We strengthened the emergency response team and conducted fire drills. Following the installation of the new boiler at the distilling operation, we will be providing the required training for the boiler operators. In 2019, Grays will be aiming to achieve certification of an integrated Quality, Environment, Safety and health (QSE) management system.

**Property and Leisure:** At Novaterra, employees have been trained on fire fighting with practical training on use of fire fighting equipment such as fire extinguishers, hose reels, water hydrants and nozzles. Regular toolbox talks were conducted on work at height and general maintenance work. At L'Aventure du Sucre, we have enhanced fire safety training. Following the upgrading of the restaurant we have received a new fire certificate. Additional fire fighting equipment has been purchased and installed, and we will be redesigning the fire evacuation plan for the museum. This year, employees were provided with risk prevention training for high risk activities, such as working at height and manual handling. In October 2018, one of the tour operators conducted a safety and health performance audit of the facility and identified some valuable areas for improvement. A steering committee has been established to develop and implement an action plan to ensure that the required improvements are implemented in 2019.

At Group level, a Health, Safety and Welfare Week was organised in May 2018 to commemorate the World Day for Safety and Health at Work. Employees were able to participate in several health checkups such as eyes screenings, foot screenings, HIV screenings and breast echography. Various awareness sessions were organised with the collaboration of authorities and NGOs, including on road safety and defensive driving, drugs and substance abuse, breast cancer, and dermatologic issues. Sports activities were also organised during the week, providing employees with the opportunity to engage in Pilates, an exercise 'boot camp' and a self-defence course. An additional 52 first aiders were nominated throughout the clusters after an intensive training this year.

|  | CANE |      | POWER |      | BRANDS |      | PROPERTY<br>AND<br>LEISURE |      |
|--|------|------|-------|------|--------|------|----------------------------|------|
|  | 2018 | 2017 | 2018  | 2017 | 2018   | 2017 | 2018                       | 2017 |
| Fatalities                             | 0    | 1    | 0     | 0    | 0      | 0    | 0                          | 0    |
| Number of injuries with lost day > 24h | 72   | 77   | 0     | 1    | 32     | 29   | 3                          | 2    |
| Injury rate                            | 37.2 | 29.0 | 0.0   | 9.6  | 21.0   | 21.1 | 9.1                        | 6.0  |
| Lost day rate                          | 0.31 | 0.29 | 0.00  | 0.38 | 0.13   | 0.16 | 0.03                       | 0.02 |



Terra Mauricia Ltd

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Further details on our safety and health performance are provided in our online Sustainability Report.

# GROUP-LEVEL

# **Functions**

### **PROTECTING LABOUR RIGHTS**

In addition to striving for full compliance with relevant labour legislation, Terra seeks to ensure that all Terra employees are adequately remunerated and provided with a respectful working environment free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. We recognise the right of every employee to freedom of association. In the Cane cluster, 96% of workers are unionised with six different unions; sector workers are also regulated by sugar industry remuneration orders that set the minimum wages and conditions of employment for various categories of workers. The collective bargaining process has commenced for both our staff and labour force, and we hope that a satisfactory outcome will be reached during 2019.

### OUTLOOK

In 2019, we will be focusing on the following priority areas:

- In the Cane cluster, particular emphasis will be placed on the ongoing negotiations with the Unions; we will also retain a strong focus on controlling labour costs and maximising productivity.
- We will be working closely with the Brands cluster to identify opportunities to optimise their manpower structures and processes in order to further improve cost efficiencies.
- We will continue with the strengthening of the Novaterra team, and will be looking to foster a 'Winning Culture' formula across the cluster's new and growing teams.
- We have implemented a detailed dashboard that will allow us to track the Group's performance of key human resource parameters; we will further improve this in 2019 to make it an essential tool for our senior managers and executives to make informed decisions on human capital.
- Key amendments will be made to the executive remuneration schemes across the Group, ensuring that the right metrics and short-term and long-term incentives are in place to accurately assess and reward performance.

Managing our environmental impacts



Many of our business activities depend on the use of natural resources, such as water, energy, serviceable land and sugarcane. Given this dependency, we recognise the strategic importance of ensuring responsible environmental stewardship.

**As outlined on page 10**, the Group's business model reflects the principles of a closed-loop circular economy, with many of the by-products of one of our operations serving as a raw material input to another's.



To enhance the environmental performance of each of our entities, we have set up a structured Health, Safety, Environmental and Quality (HSEQ) management platform. During 2018, one champion from each of the business units was appointed to assist in driving the implementation of the HSEQ framework across each of the clusters over the next five years (from 2019-2023). Through this framework, we will be sharing best industry practices with the aim of further improving the environmental and social performance of our operations, as well as identifying practical opportunities across our broader value chain.

Our primary environmental management objectives are to:



Our most material environmental impacts are:

Water consumption – especially at Terragri Ltd (Agriculture) and Terragen Ltd. Given the water-stressed nature of Mauritius, we have ongoing measures in place across our operations to reduce or optimise our water consumption. Terragri Ltd, the highest consumer of water in the Group, has been implementing measures to ensure better utilisation of effluents for the irrigation of sugarcane fields. In 2018 around 850,000 m³ of effluent from Terragen and Terra Milling was used for irrigation.

Energy consumption – particularly of steam and electricity at Terragen and Terra Milling. Terragen, which supplies energy to Terra Milling and sells electricity to CEB (the national grid), strives to reduce its electrical consumption and is adding more renewable energy sources to its fuel mix. This year it increased the use of sugar cane trash to 15%. We continue to monitor coal consumption per kWh, and we are striving to further decrease the volume of coal consumed per kWh, as this delivers both environmental and financial benefits. Terra Milling is continuing to reap energy efficiency gain following the investments in mill's machinery in 2016.

Waste management – across the Group. The major wastes generated at Terra by type are plastic, glass bottles, paper and scrap metal. There are also certain hazardous wastes, such as used oil and chemical wastes, that are directed to registered waste disposal companies for their safe disposal. We are continuing to identify opportunities to reuse by-products as inputs in other Group process, to direct non-reusable wastes to appropriate disposal facilities, and to improve effluent management.

Scope 1 greenhouse gases emissions — generated mostly by Terragen Ltd. We are seeking to minimise these emissions and reduce the use of coal by increasing the use of sugar cane trash in the energy mix; 33% of Terragen's emissions are accounted as biogenic, which means that the gases are absorbed by the sugar cane plants in the closed carbon cycle.

During 2018, there were no cases of non-compliance within the Group on legal matters regarding the environment. Our commitment to managing our environmental impacts is reflected by the fact that Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI) since 2015. We continue to work with industry associations and government authorities to assist us in managing our environmental impacts.

# **OUTLOOK**

More detailed information on the environmental performance of our various entities is provided in Terra's separate online Sustainability Report 2018.

During 2019 our focus will be on:

- Developing an HSEQ policy at Group level, with the objective of sharing and transferring good practices across the clusters;
- Further improving our waste management practices;
- Securing QSE certification of Grays Inc. and Grays Distilling, which will have a direct impact on their environmental performance;
- Ensuring effective integration of environmental measures during the conception phase of the Smart City development; and
- Continuing to identify and implement measures aimed at enhancing the environmental and social impacts of our operations across all business units.

# GROUP-LEVEL

# **Functions**

# **OUR 2018 ENVIRONMENTAL PERFORMANCE**

Direct Renewable Materials



# **TERRAGRI LTD (AGRICULTURE):**

14.117 **TONNES**  4.346 **TONNES** 

Organic fertilisers (CMS) Filtered mudcake (scum)

### **TERRA MILLING LTD**

751.122 **TONNES** 

Sugar cane

### **TERRAGEN LTD**

252,940 **TONNES**  8,247 **TONNES** 

Bagasse sugar cane trash

# TOPTERRA LTD

62.153 m<sup>3</sup> Vinasse



# **GRAYS INC. LTD**

479 m<sup>3</sup> 817 m<sup>3</sup>

Bulk wines and spirits Alcohol (100%)

# **GRAYS DISTILLING LTD**

24,888 **TONNES** 

Molasses

# Direct Non-Renewable Materials

# **TERRAGRI LTD (AGRICULTURE):**

1,569 **TONNES** Liquid mineral fertilisers

Diesel

1,043 **TONNES** Solid fertilisers

1,688 m<sup>3</sup>

**TERRAGEN LTD** 

192,768 **TONNES** Coal



350,729 **TONNES Boulders** 



# Water

Consumption

# TERRAGRI LTD (AGRICULTURE):

5.807.518 m<sup>3</sup>

**TERRAGEN LTD** 

1,578,574 m<sup>3</sup>

**TERRA MILLING LTD** 

392,482 m<sup>3</sup>

# **Direct GHG Emissions** (Scope 1)

# **TERRAGEN LTD**

Bagasse:

Sugar cane trash: Coal:

213,816

12,289 **TONNES** 

449,973 **TONNES** 

**TONNES** of biogenic CO, of biogenic CO, of CO,

### **TERRAGRI LTD (AGRICULTURE):**

Diesel: 4,395 **TONNES** of CO,



# Waste

# Generation

# **GRAYS INC. LTD**

Recycled non-hazardous waste:

31.5 **TONNES** 

**TONNES** 

Glass bottles Plastic waste



# TERRAGRI LTD (AGRICULTURE):

**Recycled hazardous waste:** 

13.5 m<sup>3</sup> Used oil

**TONNES** 

Used tyres (vehicles)

# Renewable Energy Consumption

Bagasse and sugar cane trash:

**TERRAGEN LTD** 

43,294 GJ

**TERRA MILLING LTD** 

568,035 GJ



# Non-Renewable Energy Consumption

Coal

**TERRAGEN LTD** 

151.420 GJ

**TERRA MILLING LTD** 

322,686 GJ



Terra Mauricia Ltd Annual Report 2018

# GROUP-LEVEL

# **Functions**

Terra Foundation:
Supporting
neighbouring
communities



In addition to the significant social value-added that is created through the Group's core business activities, Terra seeks also to support neighbouring communities through its Corporate Social Responsibility (CSR) programme. To enhance the coordination and sustainability of the Group's CSR initiatives, we established the Terra Foundation in December 2009. Led by the Group CSR Manager under the stewardship of the CSR committee, and in line with government's CSR guidelines and the foundation's own terms of reference, the foundation seeks to promote community development at both a regional and national level. The foundation's primary focus is to ensure effective allocation of the legislated 2% of book profits to support approved projects set up in the geographical areas around Terra's Beau Plan and Belle Vue operations. An important aim of our support is to assist the local communities to fully tap the potential benefits associated with the opportunities that should arise from the development of our Smart City in Beau Plan.

### **OUR 2018 PERFORMANCE**

This year, Terra Foundation's budget was significantly affected by the announced changes in the CSR legislation, which resulted in a 50% reduction of funds. The other 50% was provided to the Mauritius Revenue Authority (MRA) and retransferred to the National CSR Foundation that has been established to redistribute funds to projects that are in line with the Government's national priorities. This reduction in funds had a profound impact on the foundation's commitments towards its partners.

In this context, the foundation's sponsorships have focused mainly on supporting the development of local communities around the Group's operation in the North. An increased share was allocated to this region, with a total of MUR 2.6 million granted to this region, representing 96% of the total funds disbursed in the year, and 28 out of the total of 33 projects supported by the foundation.

This year, the foundation's sponsorship budget of MUR 2.7 million (net of administrative expenses) was invested in supporting 1,719 beneficiaries in the following intervention areas:

Education and training – including: sponsoring the completion and inauguration of two remedial classes and the remedial programme for a school in a priority education zone; continuing our support for an NGO caring for autistic students; sponsoring two schools in the North with the aim of developing the children's skills to cope with their emotions, difficult situations and violence.

Poverty alleviation – initiatives included: supporting the work of an NGO's empowerment and monitoring programme to protect vulnerable children in a high-poverty area; providing daily meal support for vulnerable students; supplying emergency assistance to victims of floods and food baskets to six vulnerable families; and maintaining our sponsorship for the Cycling Academy and sports coach that engages vulnerable children in a pocket of poverty.

*Health care* – assisting vulnerable children and adults suffering from type 1 diabetes in accessing quality health services and sponsoring the development of medical materials and therapy camps enabling them to improve the daily management of their disease.

Environment – sponsoring initiatives to support the infrastructure for a training project promoting pesticide-free planting.

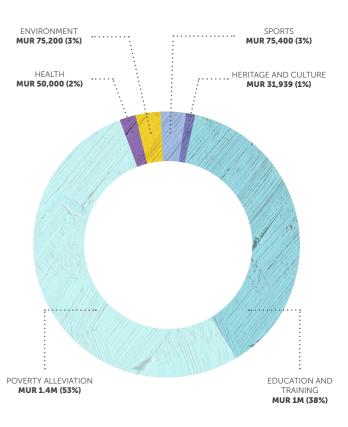
*Sports* – providing transport costs for beneficiaries attending training sessions of their football school.

*Heritage and Culture* – sponsoring the participation of children and adults in a cultural and musical festival, and in various workshops and visits to *L'Aventure du Sucre*, Terra's sugar museum.

### OUTLOOK

In his 2018 budget speech, the Minister of Finance confirmed that companies will be required to increase their contribution from 50% to 75% to be remitted to the MRA for transfer to the National CSR Foundation for redistribution to projects. As a result, companies will only have 25% of their funds to carry on their social projects. A facility has, however, been granted to those companies that have already committed themselves to long-term projects started before 2019, to apply for the approval of these projects at the National CSR Foundation. If approved, companies will be able to allocate to these projects up to a maximum of 25% of their budget out of the 75% to be remitted to the MRA.

### SPONSORSHIP BY AREAS OF INTERVENTION



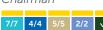


# Corporate

# Board of Directors



1. Alain Rey Chairman





4. Alexis Harel Executive Director





2. Maurice de Marassé Enouf Non-Executive Director



5. Didier Harel Independent Non-Executive Director





3. Dominique de Froberville Non-Executive Director



6. Henri Harel **Executive Director** 





7. Nicolas Maigrot Managing Director





8. Nikhil Treebhoohun Independent Non-Executive Director

6/7 4/4 2/2 🗸



9. Alain Vallet Non-Executive Director

5/7



10. Margaret Chui Puing Wong Ping Lun Independent Non-Executive Director



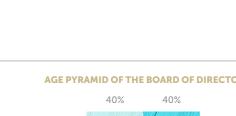
11. Louis Denis Koenig Administrative Executive

7/7 3/4 4/4 5/5 2/2 🗸











# Board of Directors (Cont'd)

# 1. Alain Rey (59)

# Non-Executive Chairman – First appointed to the Board in 2016

BSc (Hons) in Economics (London)

Member of the Institute of Chartered Accountants in England and Wales

Manager at Citibank NA (Paris): 1986-1988

Financial Director and General Manager in the Mauritian textile

industry: 1988-2005

Regional Corporate Director of Barclays Bank in Mauritius:

2005-2006

Chief Executive Officer of Compagnie Sucrière de Mont Choisy:

Board member at Afrasia Bank: 2006-2009 and at The State Bank of Mauritius: 2009-2015

Current outside directorships of listed and non-listed companies:

- CIEL Textile Ltd
- MCB Group Limited
- New Mauritius Hotels Ltd
- Quantum Ltd
- Precigraph Ltée
- MCB Microfinance Ltd

# 2. Maurice de Marassé Enouf (73)

# Non-Executive Director – First appointed to the Board in 2007

Former member of the Association of Chartered Certified Accountants (UK) Former member of the Mauritius Institute of Professional Accountants

Senior Audit Clerk of De Chazal Du Mée (Chartered Accountants): 1963-1972

Group Internal Audit Manager of Flacq United Estates: 1973-1982 Group Accountant of Medine S.E: 1983-1984

Chief Accountant and Finance Manager of the WEAL Group: 1984-2001 Self-employed since 2002

Directorships of listed companies:

- Innodis Ltd
- Mauritius Oil Refineries Ltd

# 3. Dominique de Froberville (59)

# Non-Executive Director - First appointed to the Board in 2003 and reappointed in 2010

Maîtrise en Chimie Industrielle (France); MBA (England)

Production Manager in the paint and optical industries: 1985-1988 Manager of two textile groups: 1988-2000

Director of Operations and then Chief Executive Officer of Mauritius

Freeport Development: **2001 to date**Former council member of the Mauritius Employers Federation and member of the Mauritius Exporters Association

# 4. Alexis Harel (56)

# Executive Director – First appointed to the Board in 1999

BSc, Business Administration (USA)

Auditor and Trainer of De Chazal Du Mée (Chartered Accountants): 1985-1986

General Manager of Elastico Ltd: 1986-1988 Director of Dataphon (Mtius) Ltd: 1988-1992

Commercial Executive and then Managing Director of Grays: 1992 to date

Member of Terra's Executive Committee

Directorships of listed companies:

United Docks Ltd

# 5. Didier Harel (66)

# Independent Non-Executive Director – First appointed to the Board in 2016

MBA, INSEAD (Institut Européen d'Administration des Affaires) (France) BSc. Eng. (Hons) in Chemical Engineering and Chemical Technology (UK)

From Sales Engineer to International Sales and Supply Coordinator at Esso in Mauritius, Reunion and UK: 1974-1988

Managing Director of downstream subsidiaries of Total in Southern Africa and in the UK, Executive Vice-President in charge of Total's downstream operations in East Africa, Indian and Pacific Oceans and Executive Director of Logistics of Total France: 1989-2012

Chairman and CEO of Société Anonyme de Gestion des Stocks

Stratégiques (SAGESS): 2012-2015 Directorships of listed companies:

- MCB Group Limited
- Sun Ltd

### 6. Henri Harel (58)

# Executive Director – First appointed to the Board in 1996

ACIS (South Africa)

Auditor at De Ravel, Boulle, Saad & Wyman (Chartered Accountants): 1981-1984

Internal Auditor of Toyota SA Manufacturing: 1984-1988

Financial Accountant of Amalgamated Beverage Industries

(Coca-Cola South Africa): 1988-1990

Financial Controller of Société de Gérance de Mon Loisir: 1991-1996

Financial Controller and then Group Chief Finance Officer and

Executive Committee member of Terra: 1997 to date

Member of Terra's Executive Committee

 $Director ships\ of\ listed\ companies:$ 

# Swan General Ltd

# 7. Nicolas Maigrot (50)

### Managing Director – First appointed to the Board in 2016

BSc Management Sciences (London)

From Management Controller to Chief Executive Officer of Floreal Knitwear and Ciel Textile: 1989-2010
Chief Executive Officer of Ireland Blyth: 2010-2015
Managing Director of Terra: 2016 to date
Chairman of Terra's Executive Committee

- Swan General Ltd
- United Docks Ltd

### 8. Nikhil Treebhoohun (64)

Directorships of listed companies:

# Independent Non-Executive Director – First appointed to the Board in 2014

BSc (Hons) Economics, Industry and Trade (UK)

Postgraduate Diplomas in Financial Management (Australia) and in Development Planning Techniques (Netherlands)

Fellow of the World Academy of Productivity Science

Teacher in Economics at secondary level: 1978-1981

Senior positions at Ministry of Economic Planning and Development and Ministry of Industry: 1981-1987

Lecturer in Economics at the University of Mauritius: 1987-1989
Projects Manager of the Industrial and Vocational Training Board: 1989-1992
Director of the Export Processing Zone Development Authority: 1992-2000
Executive Director of the National Productivity and Competitiveness
Council (NPCC): 2000-2005

Adviser and Head of the Trade Section of the Commonwealth Secretariat: 2005-2011

Chairman of Oxford International Consultants (Mauritius): 2011 Chief Executive Officer of Global Finance Mauritius: 2011-2014 Directorships of listed companies:

National Investment Trust Ltd

# 9. Alain Vallet (64)

# Non-Executive Director – First appointed to the Board in 1992

Advanced Certificate in Business Studies (London)

Manager of Hamarel Distribution Ltd: 1979-1982

From Marketing Executive for wine and spirits to Chief Executive Officer of Grays: 1982-1992

Managing Director of Grays and member of the Executive Committee of Terra: 1993-2016

Served with a number of private sector institutions, such as the Mauritius Chamber of Commerce and Industry, the Association of Mauritian Manufacturers and the Mauritius Employers Federation

# 10. Margaret Chui Puing Wong Ping Lun (65)

Independent Non-Executive Director – First appointed to the Board in 2012
Fellow of the Institute of Chartered Accountants in England and Wales
BA Honours in Business Studies (London)

Manager of the Consultancy Department of De Chazal Du Mée,

Chartered Accountants: 1985-1990

Lecturer in Accounting and Finance at the University of Mauritius: 1991 to date She was a member of the Listing Executive Committee of the Stock Exchange of Mauritius

Directorship of listed companies:

- MCB Group Limited
- Fincorp Ltd

# 11. Louis Denis Koenig (52)

# Administrative Executive and Managing Director of Terra Services Ltd, Company Secretary

Maîtrise ès Sciences Economiques (Economie d'Entreprise) Diplôme d'Etudes Supérieures Spécialisées in Finance (France)

Statistician at the Anglo-Mauritius Assurance Society: 1989-1990
Assistant Secretary and then Administrative Executive of Terra: 1990 to date
Dealer's Representative of Cavell Securities Ltd and member of
The Stock Exchange of Mauritius instances: 1992-2006
Fellow of the Mauritius Institute of Directors and director of a number
of subsidiaries of Terra

# NEW APPOINTMENT:

Member of Terra's Executive Committee

# Pascal Raffray (34)

Mr Raffray holds a BA in Economics and Finance from INSEEC (Paris) and lives in Paris. During his studies he worked for Merrill Lynch Private Banking in Paris and the Man Group in London. He started his career in November 1999 at the US equities division of Donaldson Lufkin & Jenrette in Paris. One year later, he moved to the US equities division of the Credit Suisse also in Paris. He joined the International equities division of Neuflize OBC (ABN AMRO Group) in May 2007 and worked there until March 2013. Since then, he has been working for the dealing services - global products at BNP Paribas.

# Management Team



1. Marie-Annick Auguste CSR Manager (Terra Foundation)



3. Edwige Gufflet Managing Director (L'Aventure du Sucre)



Real Estate Development Executive (Property and Leisure)





4. Jean-Marc Iweins Plant Manager (Power)



5. John Laguette Chief Information Officer (Group)



6. Steeve Lareine Group Finance Manager



**7. Cindy Leung**Distillery Manager (Grays Distilling)



8. Sébastien Mamet General Manager (Cane)



9. Iqra Mosaheb Group Legal Advisor



10. Christopher Park Group Human Resource Manager



12. Julien Rousset Head (Strategic Development Function)



11. Ajay Parsan Factory Manager (Terra Milling)



13. Joël Villeneuve Anaudin General Manager (Terra Finance)

# Management Team (Cont'd)

# 1. Marie-Annick Auguste (48)

# CSR Manager (Terra Foundation)

BA in Psychology and Communication (South Africa)

Marie-Annick Auguste started her career at the South African High Commission in 1991, working as confidential secretary in the political section. From 2001 to mid-2002, she worked at Desbro International, part of the Rogers Group. From 2002 to 2009, she was Head of the Sponsorship, Fundraising & Public Relations Department of SOS Children's Villages Mauritius. She was appointed as Terra Foundation's CSR Officer in May 2010 and is now its CSR Manager.

# 2. Nicolas Eynaud (51)

# Real Estate Development Executive (Property and Leisure)

National Diploma in Land Surveying (South Africa)

Nicolas Eynaud started his career in 1991 at SDDSR (Land Surveyors), where he became a partner in 1995. There, he was involved in an extensive range of projects for the island's major estates and corporate bodies, in the fields of building, engineering and cadastral surveying. In 2001 he joined Espral, a service company providing full land management and commercial support to all land-based assets owned by the ENL Group. He was appointed General Manager of Espral in 2009, a position which he held until 2013. After spending some two years as Group Property Manager at *Compagnie de Beau Vallon*, Nicolas Eynaud joined the Group in January 2016.

# 3. Edwige Gufflet (50)

# Managing Director (L'Aventure du Sucre)

Maitrise ès Sciences Economiques (France) MBA (USA)

Edwige Gufflet started her career in the banking sector in 1993 and worked there until 1998. She then moved on to project management at CIEL Textile until 2003. The same year, she joined *L'Aventure du Sucre* as General Manager and was promoted Managing Director in December 2012.

### 4. Jean-Marc Iweins (38)

# Plant Manager (Power)

58

Diplôme d'Ingénieur Généraliste de l'ICAM Lille (France)

After working ten years as account manager for water treatment activities in the French West Indies and in the Indian Ocean islands, Jean-Marc Iweins joined Albioma in 2014 as deputy power plant manager of Albioma Bois-Rouge in Reunion Island. He held this function from 2014 to 2018. He is managing the Terragen power plant since July 2018.

# 5. John Laguette (39)

# Chief Information Officer (Group)

BSc (Hons) in Business Information Technology (UK) MSc in Internet & Database Systems (UK), MBA (France) Member of the British Computer Society

Upon his return to Mauritius in 2003, John Laguette started his professional career as IT Coordinator for the Group. He joined La Sentinelle in 2004 to act in the capacity of Systems Administrator. He was recruited back by the Group in 2005 to serve as Group ICT Manager and was subsequently appointed Chief Information Officer in 2011.

### 6. Steeve Lareine (54)

# **Group Finance Manager**

Fellow of the Association of Chartered Certified Accountants (UK) Member of the Mauritius Institute of Professional Accountants

Steeve Lareine started his professional career with De Chazal du Mée & Co (Chartered Accountants) in the Auditing and subsequently in the Consulting Department. Before joining the Group, he was employed as Divisional Accountant at Rey & Lenferna.

# 7. Cindy Leung (40)

# Distillery Manager (Grays Distilling)

BSc (Hons) Biology with Environmental Sciences

Cindy Leung started her career as Head of the Quality department of Innodis Ltd in 2000, before being appointed Production Manager and subsequently Manager – Procurement & Quality in 2012, where she embraced new responsibilities in the commercial and logistics arms of Innodis Ltd. She joined Grays Inc. Ltd in 2015 as Supply Chain Manager, and since January 2019, she has been entrusted the additional task of managing Grays Distilling Ltd.

# 8. Sébastien Mamet (43)

### General Manager (Cane)

Chartered Accountant (UK)

After working in the Audit Department of Ernst & Young in London and in Mauritius for eight years, Sébastien Mamet joined the Corporate Finance Division of PricewaterhouseCoopers Mauritius in 2004. As Senior Manager of the division, he advised clients on *inter alia* mergers and acquisitions, business plans, finance raising and financial restructuring. He joined Harel Frères in 2009 to head its new strategic development function. As a member of the Management Committee, he used to advise on the Group's strategic orientation and was responsible for implementing new business developments. He was appointed General Manager (Agriculture) in 2016.

# 9. Iqra Mosaheb (42)

# Group Legal Advisor

LLB (Hons) (Mauritius), LLM (Bristol, UK), MBA (Paris-Dauphine, France) Barrister at Law

Called to the Mauritian Bar in 2002, Iqra Mosaheb started her career in the offshore sector. She has, over the last 16 years, acquired extensive experience in corporate legal services, including in overseeing group inhouse legal services, both in the financial services and in non-financial services sectors, with an enhanced focus on banking services. She has been the Legal Advisor of MauBank Ltd prior to joining Terra in 2017.

# 10. Christopher Park (36)

# Group Human Resource Manager

BCom HRM, Management and Business Law (Australia)
MCom Human Resources and Marketing (Australia)

Christopher Park started his career in Australia in 2006 where he worked for the country's largest human resource consulting and recruitment company, Chandler Macleod, as HR & Recruitment Consultant. Upon his return to Mauritius in 2009, he joined Adecco Mauritius as a Recruitment and HR consultant. He then joined Enterprise Information Solutions (part of the Cim Group) as their HR Manager in 2010. After one year, he was additionally offered the position of the group's Corporate HR Manager. He was employed by Rogers as Corporate HR Manager from October 2012, before joining Terra as Group HR Manager in December 2013

### **11**. Ajay Parsan (55)

# Factory Manager (Terra Milling)

Diploma in Mechanical and Electrical Engineering
Diploma in Occupational and Safety Management
Member of the International Society of Sugar Cane Technologists

After a long career in the textile sector as Production Engineer and Factory Manager, Ajay Parsan joined the group as Factory Manager of Terra Milling in June 2016.

# 12. Julien Rousset (37)

# Head (Strategic development function)

MSc in Management (France)

After working in China for five years in the engineering field and setting up a wholly foreign-owned bank in Shanghai, Julien Rousset joined the sugarcane industry in Tanzania and Mauritius for four years, heading a number of strategic developments on the African continent for different Mauritian groups. He joined Terra in 2016 to head its strategic development function. As a director of some of Terra's associates and a member of a number of management committees, he advises on the strategic orientation of the Group and is responsible for following existing investments and implementing new business developments.

# 13. Joël Villeneuve Anaudin (49)

### General Manager (Terra Finance)

Maîtrise ès Sciences Economiques, spécialisation Marchés de capitaux et Risques financiers (France) ACI Forex & Money Market Dealing Certification (UK) Financial Technical Analysis Certification

Joël Villeneuve Anaudin started his career in banking treasury activities at BNP Paribas in 1996. Between 2001 and 2012, he set up and led treasury and forex hedging operations for various banks and corporations, namely: the CIEL Group, Bank One and ABC Banking Corporation. Joël was instrumental in the development of Upstage, a business consultancy company offering trading and corporate treasury management advice, which was appointed by Terra to structure Terra Finance, a subsidiary which provides treasury management solutions and assistance to Group companies. In March 2014, Joël joined the Group as Terra Finance's General Manager.

# MANAGEMENT

# *Information*

### **EXECUTIVE COMMITTEE**

Nicolas Maigrot
Nicolas Eynaud
Real Estate Development Executive
Alexis Harel
Executive Director
Group Chief Finance Officer
Louis Denis Koenig \*
Sébastien Mamet
Julien Rousset

Managing Director
Real Estate Development Executive
Executive Director
Group Chief Finance Officer
Administrative Executive
General Manager (Agriculture)
Senior Manager –

**Profiles of Executive Committee members** are set out on pages 54, 58 and 59.



Project Development

### **ACCOUNTS**

Steeve Lareine Group Finance Manager

# **HUMAN RESOURCES**

Christopher Park Group HR Manager

# **INFORMATION TECHNOLOGY**

John Laguette Chief Information Officer

### **LEGAL**

**Iqra Mosaheb** Group Legal Adviser

### **CORPORATE SOCIAL RESPONSIBILITY**

Marie-Annick Auguste CSR Manager

# CANE

Sébastien MametGeneral ManagerAjay ParsanFactory Manager

### **POWER**

Jean-Michel Gérard
Plant Manager
(up to 30 June 2018)
Jean-Marc Iweins
Plant Manager

Terragen Management Ltd Managers

Plant Manager (as from 09 July 2018)

### **BRANDS**

Bottling and distribution

Alexis Harel Managing Director

**Distillery** 

Cindy Leung

Patrice Gourel de St Pern Pl

Plant Manager (up to 31 December 2018) Distillery Manager (as from 01 January 2019)

### PROPERTY AND LEISURE

Nicolas Eynaud
Real Estate Development
Executive

Edwige Gufflet
Managing Director
(Sugarworld Ltd)

# STONE CRUSHING AND BLOCK MAKING

The United Basalt Products Limited Managers

### TREASURY MANAGEMENT

Joël Villeneuve Anaudin General Manager



Profiles of Managers are set out on pages 58 and 59.

# CORPORATE Governance Report

# STATEMENT OF COMPLIANCE

The National Code of Corporate Governance for Mauritius (2016) (the Code), provides that all public interest entities must explain how they applied the principles of the Code. The Board is aware of its legal duties and acknowledges that the Code sets out best practices. This Corporate Governance report details how the principles of the Code have been applied within the Group. The Board considers that the Group has applied all of the principles of the Code throughout the reporting year ended 31 December 2018. Explanations have been given in this report in respect of any departure from the practical recommendations of the Code.

# **HOLDING STRUCTURE**

As at 31 December 2018, the holding structure of Terra Mauricia Ltd (Terra) was as follows:



# **GROUP STRUCTURE**

The Group structure is provided on page 169. The creation of new structures within the Group is generally discussed at the level of the Executive Committee (as defined on page 60) and the Strategy and Investment Committee, before being submitted to the relevant Board's approval. Information is exchanged within the Group through the Executive Committee, as well as the various management committees that have been set up for each cluster. The Group's risks are managed by each General Manager, each of whom has signed an acknowledgement in that respect. These risks are monitored by the Group Risk Champion through a risk management framework and a risk register, under the supervision of the Audit and Risk Committee.

# SUBSTANTIAL SHAREHOLDERS

As at 28 March 2019, the following shareholders were directly or indirectly beneficially interested in 5% or more in the share capital of Terra:

|                           | Direct | Indirect |
|---------------------------|--------|----------|
| Mallac Sim Armelle        | 0.69%  | 5.57%    |
| Moulin Cassé Ltée         | 1.09%  | 9.51%    |
| Société de Nemours        | 27.95% | -        |
| Société Hyacinthe         | -      | 13.98%   |
| Société J.T. Mallac & Cie | 1.09%  | 13.98%   |

It should be noted that Moulin Cassé Ltée holds its indirect interest through Société Hyacinthe, which is a member of Société de Nemours. To date, no other entity or individual has reported an interest of 5% or more in the share capital of Terra.

# **COMMON DIRECTORS**

As at 31 December 2018, the following Directors were common to Terra and the Group's holding entities:

|                             | DIRECTORS OF HOLDING ENTITIES |                      |                        |  |  |
|-----------------------------|-------------------------------|----------------------|------------------------|--|--|
| DIRECTORS OF THE COMPANY    | Société de<br>Nemours         | Société<br>Hyacinthe | Société J.T.<br>Mallac |  |  |
| Maurice de<br>Marassé Enouf | X                             |                      | X                      |  |  |
| Dominique de<br>Froberville | X                             |                      | x *                    |  |  |
| Alexis Harel                | X                             | X                    |                        |  |  |
| Henri Harel                 | X                             | X                    |                        |  |  |
| Alain Rey                   | x *                           |                      |                        |  |  |
| Alain Vallet * Chairman     | X                             | x *                  |                        |  |  |

While there is no formal meeting between the Board and the main shareholders of Terra other than the Annual Meeting, these common directors allow the Board to remain aware of the concerns of the major shareholders.

<sup>\*</sup> Also serves as Secretary to the Committee

# Governance Report (Cont'd)

# SHAREHOLDERS' AGREEMENT

Terra is not a party to any shareholders' agreement and, to the best of its knowledge, there is no shareholders' agreement between its direct shareholders.

### CONSTITUTION

The constitution of Terra is in conformity with the provisions of the Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius. It is available on the Group's website.

The constitution has the following salient features:

- Wide objects and powers are conferred on the Company
- The absence of ownership restrictions or pre-emptive rights attached to shares issued by the Company
- The ability of the Company to purchase its own shares, and to reissue and sell any of them
- The retirement by rotation of three directors at every Annual Meeting
- A procedure for proposing candidates for election to the office of director
- The ability of shareholders to cast postal votes
- The casting vote of the Chairman.

On 28 and 30 December 2011, applications under Section 178 of the Companies Act were lodged before the Bankruptcy Division of the Supreme Court by certain dissenting shareholders of Harel Frères Ltd (now Terragri Ltd), representing some 6.4% of the share capital, alleging that they had been unfairly prejudiced by the scheme of arrangement approved by a majority of shareholders on 23 November 2011 (the Scheme), and requesting the buyback of their shares at fair value or the payment of compensation of a sum in excess of MUR 64 per share held by them. On the same day, in order to reassure the dissenting shareholders that their rights had not been affected by the Scheme, the Board of Terragri decided to amend the constitution of Terra, before the effective date of the Scheme, so that any matter that would have required the approval of the shareholders of Terragri would be submitted for the approval of those of Terra. Corresponding amendments were brought to the constitution of Terragri Ltd after the effective date of the Scheme.

The Board of Directors was advised that the above claim was misconceived. Counsel had further opined that the claim amounted to an abuse of the process of the court. The claim was resisted and the matter was heard on 25 May 2012. On 11 February 2014, a judgement was issued by the Supreme Court, dismissing the application with costs and confirming that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders gave notice of appeal, which was resisted by the Group. The appeal was scheduled to be heard on 25 May 2015 but was

postponed to 11 July 2016, to 19 June 2017, to 15 January 2018 and then to 02 July 2018. It was finally heard on 16 July 2018 and the judgement, which was delivered on 25 March 2019, dismissed the appeal with costs.

# **BOARD OF DIRECTORS**

The Board as a whole is ultimately responsible and accountable for the affairs and overall performance of the Group. It must ensure that proper systems and controls are in place to protect the Group's assets and its good reputation. Having regard to recommendations made by Management, the Board makes strategic choices, decisions and identifies key risk areas, monitors and evaluates the implementation of policies and business plans, and approves major investments as well as the Company's annual capital expenditure and operating budgets.

The roles of the Chairman and Managing Director are separate and each of them has clearly defined responsibilities. The Chairman's main role is to lead and oversee the proper functioning of the Board and to ensure that it operates effectively. The Managing Director is responsible for the day-to-day management of the Group, supervising a team of executives, coordinating the elaboration and submission of development strategies to the Board and monitoring the effective implementation of operational decisions. Since the end of 2017, the Board has adopted a Board Charter, available on Terra's website, which describes clearly, *inter alia*, the role and responsibilities of the Board and its committees, the duties and powers of the Board, the related decision-making processes, and the management of potential conflicts of interest.

Directors are expected to attend, in person or by teleconference, all Board meetings and all Board Committee meetings of which they are members, except in exceptional circumstances. Board meeting dates are generally set well in advance to enable directors to manage their other commitments. The attendance of directors at Board and Committee meetings in 2018, as well as at the Annual Meeting of shareholders, is set out on page 52. The Board of Terra met seven times during the year, including a special full-day session dedicated to group strategy.

Senior group executives are invited, when appropriate, to attend board meetings and make presentations on the strategies and projects under the custody of their business units. The profiles of the senior group executives are set out on pages 54 to 59. Consultants are also invited to attend board meetings when necessary and, in 2018, several of them made presentations to the Board.

During the year under review the Board focused on the following issues:

- Ensuring that the Company acted as a socially responsible entity
- Approving the audited consolidated annual and interim financial statements and their abridged version for publication, as well as the Annual Report
- Overseeing performance of the main clusters against budgets
- Ensuring balanced and constructive communications with stakeholders
- Approving major strategic investments and credit lines with financial institutions
- Enhancing the governance structures, frameworks, policies, processes and procedures in line with best practices and current regulations
- Considering reports from the Board committees
- Overseeing key risk areas and ensuring effective risk management processes
- Declaring final dividends for the year ending on 31 December 2018
- Providing guidance and leadership in the corporate governance arena
- Considering, providing input and approving the Group's strategy for the forthcoming financial year.

# **BOARD SIZE AND COMPOSITION**

In terms of the constitution, the Board of Terra, which is a unitary one, consists of not more than eleven directors and includes five non-executive directors, three executive directors and three independent non-executive directors. This size and composition have been found appropriate to take into consideration the structure of the shareholding, while providing for an adequate number of independent and executive directors.

**The directors** who held office at 31 December 2018 are those listed on pages 52 and 53.



Their profiles, as well as the directorships held by them in listed companies, including the external obligations of the Chairman, as well as any change thereto and its impact, appear on the same pages. The external obligations of the Chairman have not changed in 2018 and they have been found compatible with the discharge of his duties and responsibilities. The Board charter has capped the number of outside positions of directors to ten, but the Board has the discretion of authorising a greater number on a case by case basis. None of the directors have reached the prescribed limit. All of them ordinarily reside in Mauritius, and there is one female member on the Board. None of the independent directors have served for more than nine years on the Board. If this was the case, the Board would examine regularly the situation and performance of the director to determine if he/she would still be considered as independent.

The code of Corporate Governance, as well as the Board charter, enumerates a set of criteria determining the status of independence, from a director's standpoint. One of these criteria states that cross directorships or significant links with other directors through involvement in other companies or bodies, could result in the director being defined as non-independent. The Board charter also gives the Board the right to grant waivers to any of the above criteria so that knowledge, experience, skills and integrity are privileged in the nomination process of independent directors. Although Mrs Margaret Wong, Mr Didier Harel and the Chairman have cross directorships in two companies at non-executive level only, the Board has carefully considered, and resolved that there is, in its perception, no reason to why Mrs Margaret Wong and Mr Didier Harel ought not continue to be regarded as independent directors. The Board has determined that both of them have shown objectivity and an unfettered independent judgement, that they have performed their duties in good faith and that their independence as directors has not been affected in any way whatsoever by these cross directorships.

At the Annual Meeting held in 2018, four directors retired from office, either by rotation or under Section 138 of the Companies Act. All of them were eligible for re-election and were re-elected. One non-executive director, namely Mr Didier Harel, will be proposed for re-election at the next Annual Meeting. The latest Board evaluation has confirmed his performance and commitment. Besides, a new non executive director will be proposed for election in replacement of Mr Hubert Harel, who resigned during the year.

The Board is of the opinion that the rotation of three directors each year, as provided by the constitution of Terra is appropriate in the circumstances of the Group, given its complexity and the diversity of its activities.

The Board believes that the tenure of office of directors should be of a sufficient duration to allow these directors – particularly independent directors and those who are members of the committees established by the Board – to be reasonably conversant with the intricacies of the Group's activities so as to exercise the degree of leadership, skill and judgement required to achieve sufficient stability and a sustainable degree of prosperity.

The Board is responsible for the succession planning, including senior executives and the nomination process of directors: this has been partly delegated to the Corporate Governance Committee. The latter identifies potential new Directors, according to the provisions of Terra's constitution, as well as new executives and makes recommendations to the Board after considering the skills, knowledge, experience, age and gender of the candidates.

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# Governance Report (Cont'd)

Upon their appointment, the new non-executive directors receive a formal letter describing their legal responsibilities and fiduciary duties, as well as the Board's specific expectations, including time commitment. The Board is also responsible for the induction of new directors, with the help of the Company Secretary, and for their professional development. The latest Board evaluation was the occasion to discuss this matter with the directors and to assess their training needs.

# DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF TERRA MAURICIA LTD

The directors' interests in the company's securities as at 31 December 2018 pursuant to the Listing Rules are as follows:

|                          | ORDINARY SHARES |        |          |   |          |      |           |      |
|--------------------------|-----------------|--------|----------|---|----------|------|-----------|------|
|                          |                 | DIRECT |          |   | INDIRECT |      |           |      |
|                          | Shares          | %      | Usufruct | % | Shares   | %    | Usufruct  | %    |
| DIRECTORS                |                 |        | •        |   |          |      |           |      |
| Maurice de Marassé Enouf | -               | -      | -        | - | -        | -    | -         | -    |
| Nikhil Treebhoohun       | -               | -      | -        | - | -        | -    | -         | -    |
| Dominique de Froberville | -               | -      | -        | - | 266      | 0.00 | -         | -    |
| Alexis Harel             | 133             | 0.00   | -        | - | 30,583   | 0.01 | -         | -    |
| Henri Harel              | 413,666         | 0.18   | -        | - | 200      | 0.00 | -         | -    |
| Nicolas Maigrot          | -               | -      | -        | - | -        | -    | -         | -    |
| Didier Harel             | -               | -      | -        | - | -        | -    | -         | -    |
| Alain Rey                | -               | -      | -        | - | -        | -    | -         | -    |
| Alain Vallet             | 263,890         | 0.12   | -        | - | 3        | 0.00 | 1,135,710 | 0.50 |
| Margaret Wong Ping Lun   | -               | -      | -        | - | 1,333    | 0.00 | -         | -    |
| Total                    | 677,689         | 0.30   | -        | - | 32,385   | 0.01 | 1,135,710 | 0.50 |
| Total issued shares      | 227,545,624     |        |          |   |          |      |           |      |

None of the directors holds any interest in subsidiaries of the Company. The directors abide by the principles enunciated in the Model Code on Securities Transactions by Directors, set out in Appendix 6 of the Mauritius Stock Exchange Listing Rules. During the year under review the following shares of Terra were traded by directors:

| NAME                      | NUMBER OF<br>SHARES | BOUGHT OR<br>SOLD |  |  |
|---------------------------|---------------------|-------------------|--|--|
| Associate of Alexis Harel | 7,000               | Bought            |  |  |

None of the other directors bought or sold shares of Terra.

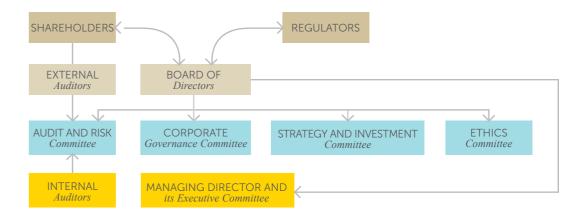
# **GROUP COMPANY SECRETARY**

Directors have direct access to the advice and services of the Secretary, Terra Services Ltd, through its representative Louis Denis Koenig, who is responsible for ensuring that Board procedures are followed. He also ensures that, within one month of their appointment, newly appointed directors are made aware of

their fiduciary duties and responsibilities and prepares an induction programme tailored to their individual requirements, in order for them to be immediately familiar with the Group's operations, business environment and senior management.

# GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY

Terra's governance structure provides for delegation of authority while enabling the Board to retain effective control. The Board delegates specific responsibilities to the Managing Director, as well as to Board committees with clearly defined mandates. Their terms of reference, which have been approved by the Board, were reviewed in 2017 and will be reviewed regularly every three years. They are posted on Terra's website, as well as the position statement of each senior governance position within the Company. While an independent director assumes the chairmanship of the Audit and Risk Committee, the Chairman of the Board chairs the three other committees in order to ensure a smooth and proper coordination between these committees and the Board.



### **BOARD COMMITTEES**

### **AUDIT AND RISK COMMITTEE**

### Composition

# Members throughout the year

Margaret Wong Ping Lun Chairperson: Independent Nonexecutive

Maurice de Marassé Enouf
Nikhil Treebhoohun

Member: Non-executive

Member: Independent Non-executive

# Other regular attendees

- Managing Director
- Group Chief Finance Officer
- External auditors
- Internal auditors
- Group Finance Manager
- Group Risk Champion

### Terms of reference

The Committee operates under formal terms of reference modelled closely on the Code's provisions. It is primarily responsible for maintaining an appropriate relationship with the Group's external auditors, reviewing internal financial controls and the audit process. Its main objective is to provide the directors with additional assurance regarding the quality and reliability of financial information used by them and to assist them in properly discharging their duties. The Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit work. External and internal auditors have unrestricted access to the Committee. The Committee's terms of reference also encompass the responsibilities of the Group's risk management. The Board reviewed these terms of reference in November 2017.

### External auditors

No fees were paid by Terra Mauricia Ltd to BDO & Co for non-audit services. The previous signing partner had been signing the Group accounts since 2009 and a change in partner therefore took place in 2015. The Board has decided to review the external audit arrangements for the year ending 31 December 2016, and delegated the Audit and Risk Committee to handle a tender exercise and to make recommendations in that respect. Upon these recommendations, BDO & Co were reappointed as auditors. However, according to new legislation, it is proposed to replace them at the forthcoming Annual Meeting. After updating the recent tender exercise, the Board has decided to recommend the appointment of KPMG for tenure of three years.

# **Meeting schedule**

The Audit and Risk Committee met four times in 2018 and satisfied its responsibilities for the year in compliance with its terms of reference. Individual attendance by directors is set out on page 52. When the Committee met with the external auditors to review the financial statements, critical policies, judgements and estimates were discussed. As from 2018 the Committee has, on that occasion, met the auditors outside the presence of management.

### **Committee focus in 2018**

- Consolidated and abridged audited financial statements for approval by the Board and publication
- Review of annual report and management letters for the Group
- External and internal audit planning for 2018
- Review of internal audit reports
- Reappointment of external auditors
- Regular review of the effectiveness of the implementation of the Risk Management Framework, as described in the Group's Enterprise Risk Management (ERM).

# Governance Report (Cont'd)

### GRAYS' AUDIT AND RISK COMMITTEE

Given that 26% of Grays Inc. Ltd is owned by a strategic partner, as well as the complexity of its activities, Grays Inc. Ltd has a separate Audit and Risk Committee. This committee is at present under the chairmanship of Nardus Oosthuizen, a representative of the strategic partner, with George Schooling and Maurice de Marassé Enouf as members. It reports to the Board of Grays. The minutes of its proceedings are circulated to Terra's Audit and Risk Committee and Board. Grays' Audit and Risk Committee met on two occasions during the year: the first meeting focused mainly on the risk management, the internal audit planning and two internal audit reports and the second one focused again on risk management, reviewed two other internal audit reports and the planning of internal audit work for the coming months.

# CORPORATE GOVERNANCE COMMITTEE

# Composition

# Members throughout the year:

Alain Rey Chairman: Non-executive
Didier Harel Member: Independent Non-executive
Margaret Wong Ping Lun Member: Independent Non-Executive

Nicolas Maigrot (In attendance) Executive

### Terms of reference

The Committee's role encompasses the functions of both the Remuneration and the Nomination Committees.

Its terms of reference include inter alia the development of group general policy on executive and senior management remuneration, as well as the determination of both specific remuneration packages and performance measurement criteria for executive directors. It also makes recommendations concerning the level of directors' fees. It regularly reviews the Board's structure, size and composition and makes recommendations to the Board on Board appointments. The Committee has the further responsibility of implementing the Code throughout the Group and of ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in it.

The Board reviewed the terms of reference of the Committee in November 2017.

### Meeting schedule

The Corporate Governance Committee met four times during the year and the attendance of individual directors at these meetings is detailed on page 52.

### **Committee focus in 2018**

- Establishment of a Health, Safety, Environment and Quality (HSEQ) platform within the Group
- Corporate Governance Report for the year ended 31 December 2017
- Unclaimed and forfeited dividends
- Appointment and re-appointment of directors
- Preparation of Annual Meeting held on 22 June 2018
- Composition of Boards of directors of subsidiaries and associated companies
- · Amendments to the Board Charter
- Organisation of a working session with Dr Chris Pierce for the directors of the Group to further understand the new Code
- Implementation of electronic Board pack within the Group
- Determination of the variable portion of executives' remuneration
- Renewal of the Directors and Officers Liability insurance policy.

### **Board self-evaluation**

A Board self-evaluation exercise was conducted during the second quarter of 2017, with the help of a consultant and the report was subsequently presented to the Board in August 2017. The report has shown that the Board's performance was generally satisfactory, and provided the opportunity to reassess directors' development programmes, the regular evaluation of directors' independence, the measurement and monitoring of strategic KPIs for executives, the executive directors' compensation plan, organisational excellence at large and a formal succession planning process. The next evaluation exercise is proposed for 2019.

# STRATEGY AND INVESTMENT COMMITTEE

# Composition

### Members throughout the year:

Alain Rey
Dominique de Froberville
Nicolas Maigrot
Alexis Harel

Chairman: Non-executive
Member: Non-executive
Member: Executive
Member: Executive

Didier Harel Member: Independent Non-executive

Henri Harel *Member: Executive* (Julien Rousset) (In attendance): *Executive* 

### Terms of reference

The aim of the Strategy and Investment Committee is to assist the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee reviews, approves and recommends to the Board investment or disinvestment choices based on advice provided by the management team. It has neither

managerial nor decisional powers. The Committee consists of a minimum of three and a maximum of six directors appointed by the Board, at least half of whom should be non-executive directors and preferably independent. The Board appoints a chairman from amongst the non-executive members of the Committee. The Board reviewed the terms of reference of the Committee in November 2017.

### Meeting schedule and committee focus in 2018

The Strategy and Investment Committee met five times in 2018. It reviewed the Group's investment portfolio as well as investment or disinvestment opportunities, including new projects for the property cluster, and made a number of recommendations to the Board. The attendance of individual directors at these meetings is detailed on page 52.

### **ETHICS COMMITTEE**

### Composition

# Members throughout the year:

Alain Rey Chairman: Non-executive
Maurice de Marassé Enouf Member: Non-executive
Christopher Park Member: Manager

Nikhil Treebhoohun Member : Independent Non-executive

Louis Denis Koenig Member: Executive

Gilbert Bouic (Group Ethics Officer) (In attendance): Consultant

# Terms of reference

The Group is fully committed to its Code of Ethics covering ethical standards and inspired by the code of ethics issued by the Mauritius Employers' Federation and the Model Code of Conduct for directors and employees of private-sector companies issued by the Joint Economic Council. The Group's Code of Ethics is monitored by the Ethics Committee, which has the mandate to receive and deal with any complaint relating to the code and to ensure that it is regularly updated.

The Group's updated Code of Ethics, which includes a whistle-blowing policy monitored by Transparency Mauritius, was officially launched in 2014. All Board members, senior executives, staff and employees were invited to renew their commitment to abide by the Code. The Group Ethics Officer handled one whistle-blowing case and continued to devote time to encouraging the Group's stakeholders, such as contractors and suppliers, to follow the Code

so as to ensure its successful implementation. He also followed the dissemination and implementation of the internal policy concerning the per diem allowances and the business credit cards allowed to relevant employees. An interest register is maintained by the Company Secretary, and is available for inspection by shareholders upon written request to the Company as provided by law.

The Board reviewed the terms of reference of the Committee in November 2017.

# **Meeting schedule**

The Committee met twice in 2018 and the attendance of individual directors at meetings is detailed on page 52.

### **Committee focus in 2018**

- Report of the Ethics Officer on its activities
- Renewed the agreement with Transparency Mauritius for the whistle-blowing services
- Dissemination of information on ethics within the Group
- Action plan of the Ethics Officer for 2018 and 2019
- Follow-up on the above-mentioned whistle-blowing case and the remedial measures taken in their respect.

# Governance Report (Cont'd)

# INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall ultimate responsibility for the system of internal control and risk management. Details on the way the Board delivered its duties in that respect, with the help of the Audit and Risk Committee, are provided on pages 70 and 71 of this report.

# **DIVIDEND POLICY**

The Board has no formal dividend policy. Having regard *inter alia* to Group performance, capital expenditure, debt servicing requirements and investment needs, as well as any uncertainties facing the Group, the Board nevertheless aims to distribute a yearly dividend that is considered sustainable in the medium to long-term, under normal circumstances.

# REMUNERATION OF DIRECTORS AND REMUNERATION POLICY

All Board directors are remunerated according to a fixed fee, as well as an additional fee for each Board meeting attended. The Chairman is remunerated in a similar manner, but at a higher rate. The remuneration is submitted to the Annual Meeting for approval. In addition, Board Committee members receive fees for attending committee meetings, with chairpersons remunerated at a higher rate. The Board approves committee fees.

The remuneration received by directors from the Company varied according to the number of meetings held and attended in 2018 and the number of committees on which they sat. Regarding executive directors, their remuneration varies according to Group or company results. The non-executive directors do not receive any remuneration in the form of share options or in relation to the Company's or the Group's performance. The executive directors do not receive any remuneration in their capacity of directors of subsidiaries.

For reasons of confidentiality and market sensitivity of the information, the Board of Directors has decided not to disclose the individual remuneration of each director. The remuneration and benefits received by the directors from the Company and its subsidiaries as at 31 December 2018 are disclosed in the Statutory Disclosures on page 78.

As regards executive directors, the remuneration policy aims to:

- Align executive remuneration with the Group's business objectives and shareholder value
- Attract, retain and motivate high-calibre executives capable of achieving the Group's objectives
- Motivate executives to achieve ambitious performance levels
- Recognise both corporate and individual performance.

The overall remuneration of executive directors includes a basic salary, pension and other benefits, and a non-pensionable, variable annual performance bonus, in addition to Board remuneration described above. The variable performance bonus is in line with the above-mentioned policy objectives and is based on a percentage of the Group or relevant company's profit after tax, after deduction of any item of exceptional or non-operational nature. The variable annual performance bonus represents a significant percentage of the total remuneration of the executive directors. This aims at better aligning the objectives set for these directors with those of the Group and providing an added incentive to respond to the challenges which the Group faces.

The Corporate Governance Committee has retained outside consultants to provide independent market information and advice relating to the regular review of executive performance and remuneration. This is in line with the remuneration policy objectives.

# SHAREHOLDERS' AND STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Group understands the importance of communicating with its shareholders, and ensures that they are kept informed on matters affecting Terra. Communication is effected via the Annual Report, the Sustainability Report, circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius, press announcements, the publication of Group unaudited quarterly and audited abridged financial statements, dividend declarations, Terra's website and social media, where visitors can leave questions or comments, and the Annual Meeting, to which all shareholders are invited.

Moreover, all directors are invited and encouraged, save for exceptional circumstances, to attend the Annual Meeting and to be available to answer shareholders' questions. While in 2017 ten of the eleven directors attended the meeting, in 2018 all directors were present. Since 2003, it has been the practice to allow for the postal vote of shareholders at the Annual Meeting of Harel Frères and subsequently of Terra.

The main institutional investors and investment managers were traditionally invited to attend a presentation on the Annual Report and to put questions to Management in July each year. This exercise, which was well attended and welcomed by the investing community, has taken place earlier in the year, as from 2017, and referred to the published audited results. As in 2017, journalists appreciated, in 2018, the opportunity to attend a press briefing on the same day.

In addition to the institutional or official forums such as the Mauritius Chamber of Agriculture, Business Mauritius, The Mauritius Chamber of Commerce and Industry, the Mauritius Sugar Syndicate or the Mauritius Cane Industry Authority, through which the Group is able to engage with its stakeholders, there are regular contacts established with the local communities. Those contacts are made, either directly or via the local authorities, on a frequent or ad-hoc basis, to remain appraised of the concerns and expectations of the stakeholders. There has been a number of social impact surveys conducted in the neighbouring regions, including in the context of the future Beau Plan Smart City, to help the Group engaging with the local *forces vives* and communities. Forums are also regularly organised by Terra Foundation with NGOs to assess their work, needs or expectations, and also to find ways of going beyond the strictly financial aspect of corporate social responsibility (CSR).

# SHARE OPTION PLAN

The Group has no share option plan.

### SHARE INFORMATION

Information relating to share distribution and Stock Exchange performance is set out on pages 72 to 75. Dates of important events are also noted.

# RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Related party transactions are disclosed in aggregate in Note 39 to the Financial Statements. During the year, there were no material transactions between Terra or any of its subsidiaries or associates and a director, chief executive, controlling shareholder or companies

owned or controlled by a director, chief executive or controlling shareholder. Any conflict of interest has been properly declared by interested directors and was properly managed according to the Conflict of Interest policy of the Group.

# MANAGEMENT AGREEMENTS

Except for the management contracts between Ivoirel Limitée and Sucrivoire, between Terrarock Ltd and The United Basalt Products Ltd, and the development management agreement between Terragri Ltd and Beau Plan Campus Ltd, there are no management agreements with third parties to which Terra or a subsidiary is a party.

### **HEALTH AND SAFETY AND ENVIRONMENT**

An overview of the Group's health and safety activities and environmental performance is provided on pages 43 to 47 of this report.

# DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Political and other donations made during the year are shown on page 79. Until further notice the Board has decided to maintain the current practice of disclosing in aggregate the political contributions. The Group's policies and practices in relation to corporate social responsibility are detailed on pages 48 and 49.



For Terra Services Ltd Secretary 28 March 2019

# INTERNAL CONTROLS

# and Risk Management

Terra's success as an organisation depends on its ability to identify and exploit the opportunities generated by its business and the markets it operates in. While ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is in the way Terra conducts its business and the culture of its team's. Terra takes an embedded approach to risk management that puts risk and opportunity assessment at the core of the leadership team agenda.

### **INTERNAL CONTROLS AND AUDIT**

The Board, through the Audit and Risk Committee is responsible for ensuring an effective internal control system, which comprises the following:

- Key processes for monitoring the system of internal control through a detailed organisational structure, including the delegation of responsibilities from the Board to Board Committees, the Group Managing Director, members of Senior Management and heads of operating units
- Procedures for identifying business risks and controlling their impact on the Group
- Group's policies for preventing or detecting fraud
- Ensuring compliance with relevant regulatory and legal requirements
- Reviewing the effectiveness of the work performed by the internal audit function and the external auditors
- Reviewing cases of employee conflict of interest, misconduct or fraud, or any other unethical activity by employees or the Group.

The internal audit function of the Group is outsourced to Ernst & Young (EY), except at Grays, which has its own in-house internal auditor, and Terrarock, which has retained the services of UHY & Co. The internal auditors have a direct reporting line to the Audit and Risk Committees and maintain an open and constructive communication channel with the executive management team. They also have direct access to the chairpersons of the Committees and the Board. This reporting structure allows the internal auditors to remain independent and to report all items of significance to the Board and the Audit and Risk Committee.

A risk-based methodology is applied, through which the auditors first establish a preliminary understanding of the business, operations and key risks through discussion with Terra's Audit and Risk Committee, directors and management, and review of the risk register to identify high risk areas. A three-year plan is then established which is thereafter rolled out and audit visits are conducted at the business units. Audit reports are communicated and discussed at the Audit and Risk Committee. Follow-up visits are conducted where significant high-risk issues have been reported in prior audit reports.

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During 2018, EY performed four internal audit visits, which were in line with the audit plan approved by the Audit and Risk Committee. EY also performed one special assignment at Grays at the request of the Audit and Risk Committee. UHY Ltd performed three visits at Terrarock Ltd, while Grays' internal auditor realised two assignments and submitted two follow-up reports. Findings and observations made were discussed with management of the respective business units, action plans to address internal control gaps were agreed with management, incorporated in the internal audit reports and reported to the Audit and Risk Committees. A new plan has been proposed for the period 2019-2021.

# **RISK-MANAGEMENT FRAMEWORK**

The role and responsibilities of the Audit and Risk Committee regarding risk management consist in carrying out a robust assessment of the main risks facing Terra, including those that would threaten its business models, future performance, solvency and liquidity. The Committee also has the task of reviewing the Group's capability to identify and manage new types of risk, and keeping under review the effectiveness of internal controls and risk management.

The Board, advised by the Audit and Risk Committee where appropriate, reviews the significant risks when taking decisions that could have a material impact on Terra. These reviews consider the level of risk that Terra is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate risk exposure.

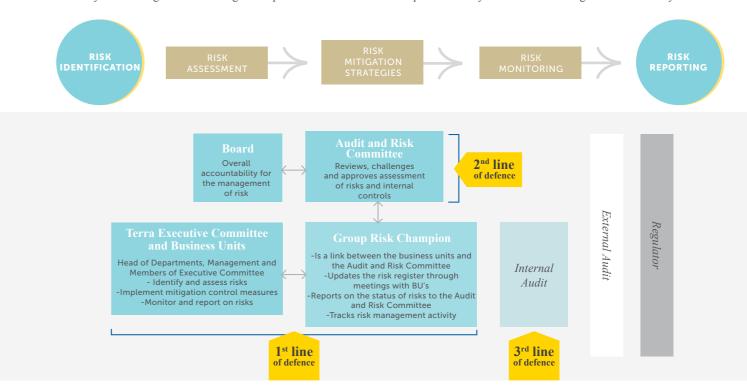
In 2018, the Board, through the Audit and Risk Committee, reviewed the assessment of risks, internal controls and procedures in operation within Terra. They also considered the effectiveness of any remedial action taken during the year. Data protection controls were also implemented following the promulgation of the Data Protection Act and General Data Protection Regulation.

# RISK MANAGEMENT – ACCOUNTABILITY AND RESPONSIBILITY

Terra applies the three-lines-of-defence approach, with the aim of bringing about a greater understanding of the roles and responsibilities throughout the various risk-management and control functions. This also assists executive management, the Audit and Risk Committee, and ultimately the Board to have confidence that the control framework within the organisation is operating efficiently and effectively.

Terra has adopted the principles of Enterprise Risk Management (ERM) to ensure an effective risk management system and value creation. Our risk management practice is not intended to impede

business but is a useful tool to help management link strategy-setting process and performance. Our risk management approach comprises risk identification based on the business objectives while risk mitigation strategies are devised to ensure achievement of goals. We are continually reinforcing our risk management practices so that we move up the maturity curve for achieving a robust ERM system.



Our risk reporting process involves risk classification into four main categories that take into account the external and internal environment of all the business units. It also includes environmental, social and governance related risks.

- Strategic strategic risks are risks that arise from business strategy and objectives and risks failing to achieve the same
- Financial financial risks include areas such as financial sustainability, financial resources, market, foreign exchange, liquidity and credit risk
- Operational Operational risks are risks related to internal practices, processes and systems that are adequate to achieve its strategic plan.
   They include human capital, environment, stakeholder relations, technology, information system, data and cyber security, health and safety
- Legal and regulatory compliance.

Some 35 main risks were identified and validated by management for the Group, together with their mitigating measures and controls. The material issues impacting the value creation of each cluster are shown in their respective operational review on pages 22 to 39. It is to be noted that those risks cannot be completely eliminated and that controls and mitigating measures cannot provide absolute protection against factors such as unexpected events, errors or fraud.

Mubalish

**Margaret Wong Ping Lun** 

Chairperson of the Audit and Risk Committee

28 March 2019

# SHARE ANALYSIS AND

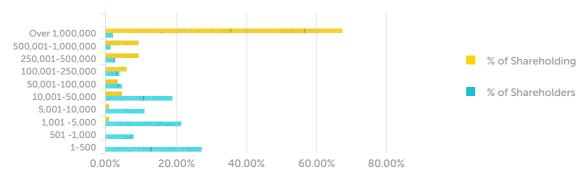
# Stock Exchange Performance

#### DISTRIBUTION OF SHAREHOLDERS OF TERRA MAURICIA LTD AT 31 DECEMBER 2018

#### RANGE OF SHAREHOLDING

| Range of<br>Shareholders | Number of<br>Shareholders | %<br>of Shareholders | Number of Shares<br>held | %<br>of Shareholding |
|--------------------------|---------------------------|----------------------|--------------------------|----------------------|
| 1 - 500                  | 603                       | 27.14                | 98,877                   | 0.04                 |
| 501 - 1,000              | 170                       | 7.65                 | 147,188                  | 0.06                 |
| 1,001 - 5,000            | 469                       | 21.11                | 1,263,510                | 0.56                 |
| 5,001 - 10,000           | 239                       | 10.76                | 1,764,600                | 0.78                 |
| 10,001 - 50,000          | 419                       | 18.86                | 9,672,723                | 4.25                 |
| 50,001 - 100,000         | 102                       | 4.59                 | 7,285,796                | 3.20                 |
| 100,001 - 250,000        | 87                        | 3.91                 | 13,604,716               | 5.98                 |
| 250,001 - 500,000        | 59                        | 2.65                 | 20,754,978               | 9.12                 |
| 500,001 - 1,000,000      | 30                        | 1.35                 | 21,129,983               | 9.29                 |
| Over 1,000,000           | 44                        | 1.98                 | 151,823,253              | 66.72                |
| TOTAL                    | 2,222                     | 100                  | 227,545,624              | 100                  |



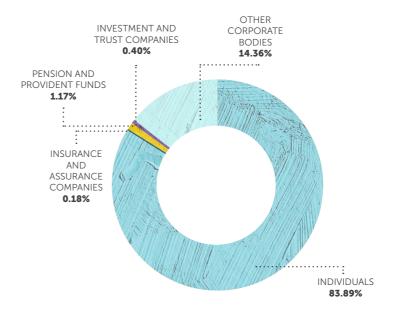


#### SHAREHOLDER SPREAD

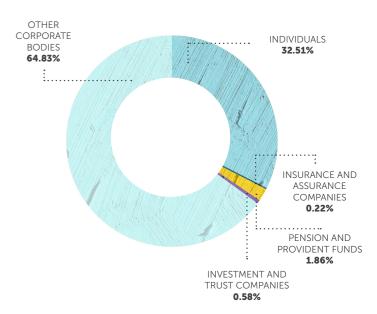
To the best knowledge of the directors, the spread of shareholders at 31 December 2018 was as follows:

|                                   | Shareh | Shareholders |             | held  |
|-----------------------------------|--------|--------------|-------------|-------|
|                                   | Number |              | Number      |       |
| Individuals                       | 1,864  | 83.89        | 73,986,429  | 32.51 |
| Insurance and assurance companies | 4      | 0.18         | 494,858     | 0.22  |
| Pension and provident funds       | 26     | 1.17         | 4,225,083   | 1.86  |
| Investment and trust companies    | 9      | 0.40         | 1,314,845   | 0.58  |
| Other corporate bodies            | 319    | 14.36        | 147,524,409 | 64.83 |
| TOTAL                             | 2,222  | 100          | 227,545,624 | 100   |

#### DISTRIBUTION OF SHAREHOLDERS



#### SHARES HELD



#### NUMBER OF SHAREHOLDERS AS AT 31 DECEMBER

| 1,929 |
|-------|
| 1,947 |
| 2,003 |
| 2,105 |
| 2,222 |
|       |

#### NUMBER OF SHAREHOLDERS

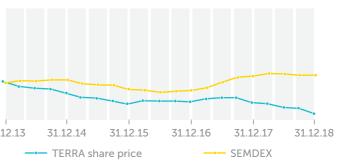


The number of shareholders of Terra was 2,197 as at 28 February 2019.

#### STOCK EXCHANGE PERFORMANCE

The price of Terra's share fluctuated between MUR 21.05 and MUR 29.40 during the year 2018, with an overall volume traded amounting to 5.3 million shares (Volume weighted Average Price: MUR 25.14). The total value traded stood at MUR 133.6 million, with foreigners being net sellers to the tune of MUR 10.5 million. The price of Terra fell by 21.3% to close at MUR 22.00 at the end of December 2018. Terra is still in the Reserve List of the SEM-10 constituents.





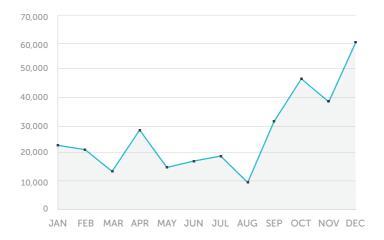
# SHARE ANALYSIS AND

# Stock Exchange Performance

|   | 2014      | 2015     | 2016     | 2017     | 2018     |
|---|-----------|----------|----------|----------|----------|
| SEMDEX (Points)                                     |           |          |          |          |          |
| - Year End Closing                                  | 2,073.72  | 1,811.07 | 1,808.37 | 2,202.14 | 2,220.76 |
| SHARE PRICE (MUR)                                   |           |          |          |          |          |
| - Year End Closing Price                            | 33.00     | 28.50    | 30.00    | 27.95    | 22.00    |
| - High  | 39.30     | 33.50    | 32.05    | 33.80    | 29.40    |
| - Low   | 33.00     | 28.00    | 28.50    | 27.95    | 21.05    |
| Note: The Terra share price was MUR 20.65 on 28 Ma. | rch 2019. |          |          |          |          |
| YIELDS  |           |          |          |          |          |
| - Earnings Yield %                                  | 4.21      | 9.19     | 3.20     | 1.36     | 2.41     |
| - Dividend Yield %                                  | 2.42      | 2.98     | 2.83     | 3.04     | 3.86     |
| PRICE EARNINGS RATIO                                | 23.74     | 10.88    | 31.25    | 73.55    | 41.51    |

#### AVERAGE VOLUME TRADED MONTHLY ON THE STOCK EXCHANGE IN 2018

| MONTH | AVERAGE VOLUME TRADED |
|-------|-----------------------|
| Jan   | 22,647                |
| Feb   | 21,159                |
| Mar   | 13,737                |
| Apr   | 28,240                |
| May   | 15,070                |
| Jun   | 16,864                |
| Jul   | 18,918                |
| Aug   | 9,764                 |
| Sep   | 31,180                |
| Oct   | 46,385                |
| Nov   | 38,265                |
| Dec   | 60,323                |



#### MARKET CAPITALISATION

|      | MUR'M    | EUR*   | USD*   |
|------|----------|--------|--------|
| 2014 | 7,509.01 | 182.94 | 218.63 |
| 2015 | 6,845.05 | 166.77 | 199.29 |
| 2016 | 6,826.37 | 166.31 | 198.75 |
| 2017 | 6,359.90 | 154.95 | 185.17 |
| 2018 | 5,006.00 | 125.92 | 143.79 |



<sup>\*</sup> The exchange rates used are those for the year 2018 as displayed below.

The market capitalisation of Terra on 28 March 2019 was MUR 4,698.82 million.

#### MAIN EXCHANGE RATES TO THE RUPEE

Consolidated Average Indicative Selling Rates (Source: Bank of Mauritius on http://bom.intnet.mu)

| Currency  | 29 December 2017 | 31 December 2018 |
|-----------|------------------|------------------|
| Euro      | 41.0455          | 39.7559          |
| US Dollar | 34.3464          | 34.8143          |
| GB Pound  | 46.1832          | 44.1036          |
| SA Rand   | 2.7853           | 2.4463           |

#### SHAREHOLDERS' CALENDAR AND RELATIONS

Financial year-end

Publication of yearly group abridged financial statements (audited) Group audited annual financial statements available Quarterly financial report - Q1 (unaudited)

Annual report issued

Annual meeting of shareholders

Quarterly financial report - Q2 (unaudited)

Quarterly financial report - Q3 (unaudited)

Dividend - declaration

- payment

31 December Late March

Late March Mid May

Mid June Late June Mid August

Mid November Late November Late December

pages 68 and 69.



For more details on shareholders' relations and communication please refer to

# SECRETARY'S CERTIFICATE

(pursuant to Section 166(d) of the Companies Act 2001)

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



For Terra Services Ltd

Secretary
28 March 2019

# STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity (PIE): Terra Mauricia Ltd

Reporting period: 31 December 2018

We, the directors of Terra Mauricia Ltd, confirm that, to the best of our knowledge, the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance.



Alain Rey Chairman

4=ix

Nicolas Maigrot
Managing Director

28 March 2019

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT

# of Financial Statements

Directors acknowledge their responsibilities for:

- adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS):
- iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements;
- (iv) establishing Internal Audit function to ensure internal controls are in force.

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The report of the external auditors on the financial statements is on pages 82 to 85.

The Directors report that:

- i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) IFRS have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified.
- (iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has been non-compliance.

Signed on behalf of the Board of Directors by



Alain Rey Chairman

4-if

Nicolas Maigrot
Managing Director

28 March 2019

# STATUTORY

### **Disclosures**

(Pursuant to section 221 of the Companies Act 2001 and the Securities Act 2005)

#### **DIRECTORS**

#### NAMES

The names of the directors of Terra Mauricia Ltd at 31 December 2018 are given on page 52 of this report. In addition, a list of directors of subsidiary companies at the same date appears on page 168.

#### SERVICE CONTRACTS

Three executive directors, namely Messrs Nicolas Maigrot, Alexis Harel and Henri Harel have at present service contracts without expiry dates with group companies. Other than for the above-mentioned executive directors, none of the directors proposed for election or re-election at the forthcoming Annual Meeting of shareholders have service contracts with the Company or the Group.

#### **REMUNERATION AND BENEFITS**

|   | THE COMPANY |       | SUBSID | DIARIES |
|---|-------------|-------|--------|---------|
|   | 2018        | 2017  | 2018   | 2017    |
|   | MUR'M       | MUR'M | MUR'M  | MUR'M   |
| Emoluments paid by the Company and its subsidiaries to: |             |       |        |         |
| - Directors of Terra Mauricia Ltd: • Executive          |             |       |        |         |
| Full-time   | 1.1         | 1.0   | 25.7   | 25.6    |
| part-time   | 0.5         | 0.7   | 8.9    | 8.6     |
| Non-executive   | 6.5         | 5.6   | 0.6    | 0.7     |
|   | 8.1         | 7.3   | 35.2   | 34.9    |
|   | 8.1         | 7.3   | 35.2   | 34.9    |

- Directors of subsidiary companies (other than those of Terra Mauricia Ltd):

|                                 | 2018  | 2017  |
|---------------------------------|-------|-------|
|                                 | MUR'M | MUR'M |
| • 13 Executive (13 in 2017)     |       |       |
| Full-time                       | 61.3  | 60.7  |
| • 19 Non-executive (17 in 2017) | 0.6   | 0.6   |
|                                 | 61.9  | 61.3  |

#### **CONTRACTS OF SIGNIFICANCE**

During the year under review, there were no contracts of significance to which Terra Mauricia Ltd, or one of its subsidiaries, was a party and in which a director of Terra Mauricia Ltd was materially interested, either directly or indirectly.

Terra Mauricia Ltd

Annual Report 2018

#### **AUDITORS' REMUNERATION**

| THE G | THE GROUP        |       | MPANY |
|-------|------------------|-------|-------|
| 2018  | <b>2018</b> 2017 |       | 2017  |
| MUR'M | MUR'M            | MUR'M | MUR'M |
|       |                  |       |       |
| 3.5   | 3.3              | 0.8   | 0.9   |

The auditors received MUR 50,000 from a subsidiary for other professional services rendered during the year (2017: MUR Nil).

#### **DONATIONS**

|   | THE G  | ROUP   |  |
|---|--------|--------|--|
|   | 2018   | 2017   |  |
|   | MUR' M | MUR' M |  |
| Contributions towards Corporate Social Responsibility                             | 8.4    | 9.0    |  |
| Amount distributed by Terra Foundation - Number of projects funded: 33 (2017: 77) | 2.7    | 8.7    |  |
| Political   | -      | -      |  |

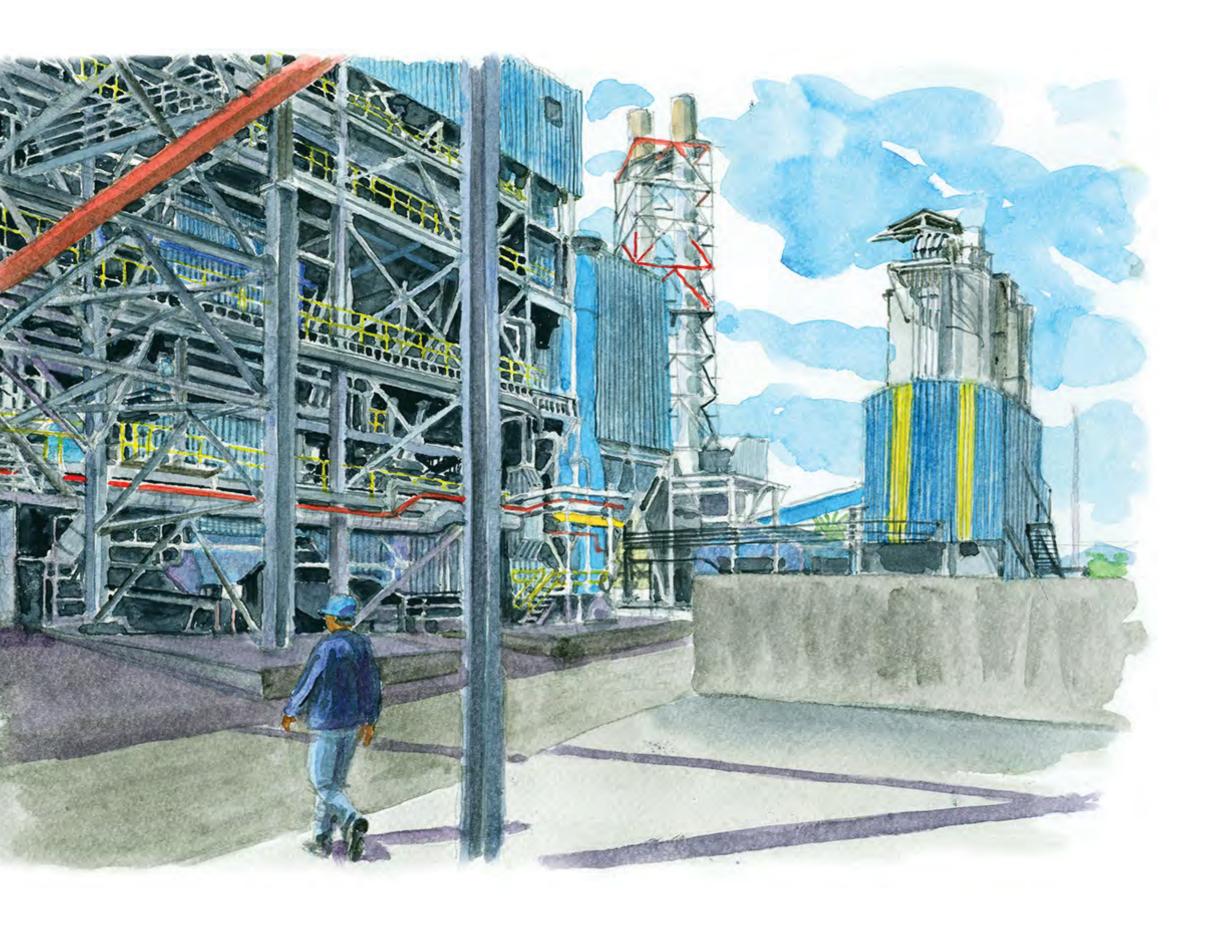
#### SENIOR OFFICERS' INTERESTS

The Group's senior officers' interests in the Company as declared under the Securities Act 2005 as at 31 December 2018 were as follows:

|                                   | ORDINARY SHARES |      |                    |   |            |      |                    |      |
|-----------------------------------|-----------------|------|--------------------|---|------------|------|--------------------|------|
|                                   | DIRECT          |      |                    |   | INDIRECT   |      |                    |      |
|                                   | Beneficial      | %    | Non-<br>beneficial | % | Beneficial | %    | Non-<br>beneficial | %    |
| SENIOR OFFICERS OF<br>THE COMPANY |                 |      |                    |   |            |      |                    |      |
| Dominique de Froberville          | -               | -    | -                  | - | 266        | 0.00 | -                  | -    |
| Alexis Harel                      | 133             | 0.00 | -                  | - | 30,583     | 0.01 | -                  | -    |
| Henri Harel                       | 413,666         | 0.18 | -                  | - | 436,310    | 0.19 | 4,541,285          | 2.00 |
| Alain Vallet                      | 263,890         | 0.12 | -                  | - | 227,143    | 0.10 | -                  | -    |
| Jean Marc Jauffret                | 2,000           | 0.00 | -                  | - | _          | -    | -                  | -    |
| Sébastien Mamet                   | 300             | 0.00 | -                  | - | _          | -    | -                  | -    |
| Bernard Desvaux de Marigny        | 1,925           | 0.00 | -                  | - | _          | -    | -                  | -    |
| Christopher Park                  | 3,000           | 0.00 | -                  | - | -          | -    | -                  | -    |
| OTHER INSIDERS                    |                 |      |                    |   |            |      |                    |      |
| Olivier Prod'hon                  | 800             | 0.00 | -                  | - | _          | -    | -                  | -    |
| Armelle Mallac Sim                | 1,563,151       | 0.69 | -                  | - | 7,663,210  | 3.37 | 4,433,454          | 1.95 |
| Patrick Raffray                   | 133             | 0.00 | -                  | - | -          | -    | -                  | -    |
| TOTAL                             | 2,248,998       | 0.99 | -                  | - | 8,357,512  | 3.67 | 8,974,739          | 3.94 |
| Total issued shares               | 227 545 624     |      |                    |   |            |      |                    |      |

Total issued shares 227,545,624

The above-mentioned senior officers have not declared any interest in the subsidiaries.





### INDEPENDENT AUDITORS' REPORT

To the Shareholders of Terra Mauricia Ltd

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of Terra Mauricia Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 86 to 165 which comprise the statements of financial position as at December 31, 2018 and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 86 to 165 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### THE COMPANY

#### **KEY AUDIT MATTER**

#### AUDIT RESPONSE

#### 1. Investments

#### Valuation of investments

million.

a range of inputs. Many of the inputs required can be obtained from and the range of inputs used in their valuations. readily available liquid market prices and rates. Where observable market data is not available, estimates must be developed based on the We have reviewed the classification and accounting treatment of the most appropriate source data and are subject to significant judgement. Company's investment portfolio in line with the accounting polices set

The main risks identified are related to the high value of the items as well as the use of significant judgement in the fair value exercise. We assessed the reasonableness of assumptions and forecasts used in There is also a risk of impairment which needs to be assessed.

Refer to notes 8 to 10 of the accompanying financial statements.

The Company's financial investments amount to MUR 14,920.2 We also assessed the reasonableness of the forecasts used in the fair value exercise.

The valuation of financial investments held at fair value is based on Where independent valuers were involved, we assessed their credentials

out in notes 2.5, 2.6 and 2.7 to the financial statements.

the fair value models

### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of Terra Mauricia Ltd

#### Report on the Audit of the Financial Statements (Cont'd)

#### THE GROUP

#### **KEY AUDIT MATTER**

### 2. Property, Plant & Equipment (PPE)

#### Valuation of land and buildings

As set out in the critical accounting estimates and judgements in We assessed the credentials of the independent property valuer. note 4, and in the notes on page 116 of the financial statements, the Group measures its land, buildings and civil works and power plant. We sought alternative opinions from two other independent at fair value and this represents a significant accounting estimate.

subsequently measured at fair value. Valuations are performed by by the independent property valuer. an independent professionally accredited expert, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal We held discussions with the valuer and the directors to assess the and Valuation Manual, and performed with sufficient regularity to valuation. ensure that the carrying value is not materially different from fair value at the Statement of Financial Position date.

The main risks identified are related to the involvement of a range of judgemental assumptions. PPE is valued at MUR 11,671.5 million in the Group's Statement of Financial Position as at 31 December

Refer to note 5 of the accompanying financial statements.

#### KEY AUDIT MATTER

#### 3. Consumable Biological assets

#### Valuation of consumable biological assets

The Group's consumable biological assets represent MUR 52.9 We have tested the assumptions and discussed with the relevant heads of departments to assess the reasonableness of the estimates arrived at by discounting the present value (PV) of expected net used in the valuation. cash flows from standing canes discounted at the relevant market determined pre- tax rate.

The main risks identified relate to the use of significant judgement in the valuation of the consumable biological assets.

Refer to note 17 of the accompanying financial statements.

#### KEY AUDIT MATTER

#### 4. Inventories

#### Existence and valuation of inventories

31, 2018. Inventories consist mainly of wines and spirits among the full inventory count at the bonded warehouse as well as sample other consumer products kept in 2 stores and in all the sales and counts at the stores. We performed a recalculation of the major distribution outlets spread across the island. Valuation of the inventory balances at the year end and inspected the subsidiary's inventories is at the lower of cost and net realizable value.

The main risks identified are related to the nature of the inventories (fast moving consumer products) and their geopraphical dispersion. We reviewed the principles for accounting inventory write-downs and logistics, and the high value of these inventories.

Refer to note 16 of the accompanying financial statements

#### Valuation

**AUDIT RESPONSE** 

property valuers as per ISA 620.

PPE assets are measured initially at cost, with land and buildings We assessed the assumptions used in the valuation report submitted

We confirmed that the valuation was correctly accounted for and disclosed in the financial statements.

#### **AUDIT RESPONSE**

AUDIT RESPONSE

Inventories for the Group amount MUR 1,011 million at December We assessed the subsidiary's stock taking processes and attended inventory count rate reports relating to inventory coverage and analyzed inventory differences in order to detect possible deviations.

> and adequacy of the write-downs recognised in the financial statements.

### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of Terra Mauricia Ltd

Report on the Audit of the Financial Statements (Cont'd)

THE GROUP (CONT'D)

#### **KEY AUDIT MATTER**

#### AUDIT RESPONSE

#### 5. Bearer plants

#### Valuation of bearer plants

included in Property, plant and equipment amount to MUR 249.7 forecasts given the uncertainty on certain key inputs in the future million. Those bearer biological assets have been tested for impairment cash flows, we have relied on management representation. based on future cash flows. The main risks identified are related to the assumptions of key inputs used in the forecasts.

At December 31, 2018, the Group's and the Company's bearer plants We have assessed the reasonableness of the assumptions used in the

Refer to note 5 of the accompanying financial statements.

#### Other information

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

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

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

#### Corporate Governance Report

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

#### Responsibilities of Directors and those Charged with **Governance for the Financial Statements**

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

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

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

### Auditor's Responsibilities for the Audit of the Financial

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of Terra Mauricia Ltd

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

- · Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### Report on Other Legal and Regulatory Requirements

#### Companies Act 2001

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

We have obtained all information and explanations we have required.

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

#### Other Matter

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

BROKGO

Chartered Accountants

A. Flyalin Afsar Ebrahim, F.C.A Licensed by FRC

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Port Louis, Mauritius.

28 March 2019

Terra Mauricia Ltd Terra Mauricia Ltd 84 Annual Report 2018 Annual Report 2018

# STATEMENTS OF FINANCIAL POSITION

December 31, 2018

| Notes         2018         Legistated January 1, 2017         As at January 1, 2017         2018         2017           ASSETS         WUR'N         MUR'N  |  |       | THE GROUP THE COMPA |          |                    |          |          |
|---|--|-------|---------------------|----------|--------------------|----------|----------|
| Non-current assets   Property, plant and equipment   5   11,671.5   11,401.3   11,294.0   -     -   |  | Notes | 2018                |          | January 1,<br>2017 | 2018     | 2017     |
| Property, plant and equipment   5   11,671.5   11,401.3   11,294.0   -   -       Investment properties   6   225.0   202.3   208.3   -       Intangible assets   7   408.9   407.8   392.2   -       Investment in subsidiaries   8   -     -     13,344.6   13,458.4     Investment in associates   9   3,455.4   3,245.9   3,012.4   1,031.2   1,177.9     Financial assets at fair value through other comprehensive income   10   529.3   -     544.4     -     Financial assets at amortised cost   10A   82.8   -                     Investment in financial assets   10B   -   383.4   402.1   -   393.6     Non-current receivables   12   -   123.0   27.3   -   102.1     Bearer biological assets   13   7.4   7.4   7.4   -         Deferred tax assets   15   135.2   105.1   91.0   -       Deferred tax assets   15   135.2   105.1   91.0   -       Touring tassets   17   52.9   98.8   214.1   -         Current assets   18   1,002.3   1,625.3   1,367.9   -   106.4     Other financial assets at amortised cost   10A   393.7   -               Derivative financial instruments   19   -                       Derivative financial instruments   19   -                           Cash and cash equivalents   33   387.6   174.8   337.3   49.4   21.1     Current tax assets   20   28.8   46.6   122.9   -   | ASSETS   |       | MUR'M               | MUR'M    | MUR'M              | MUR'M    | MUR'M    |
| Non-current assets classified as held for sale   10   10   10   10   10   10   10   1   | Non-current assets                             |       |                     |          |                    |          |          |
| Intangible assets   | Property, plant and equipment                  | 5     | 11,671.5            | 11,401.3 | 11,294.0           | -        | -        |
| Investment in subsidiaries   8  | Investment properties                          | 6     | 225.0               | 202.3    | 208.3              | -        | -        |
| Investment in associates   9   3,455.4   3,245.9   3,012.4   1,031.2   1,177.9     Financial assets at fair value through other comprehensive income   10   529.3   -   -   544.4   -     Financial assets at amortised cost   10A   82.8   -     -   8.0     -     Investment in financial assets   10B   -   383.4   402.1   -   393.6     Non-current receivables   12   -   123.0   27.3   -   102.1     Bearer biological assets   13   7.4   7.4   7.4   -   -     Land development expenditure   14   85.7   27.4   8.6   -   -     Land development expenditure   14   85.7   27.4   8.6   -   -     Deferred tax assets   15   135.2   105.1   91.0   -   -     Current assets   16   1,011.0   895.4   845.2   15,132.0     Current assets   17   52.9   98.8   214.1   -   -     Consumable biological assets   17   52.9   98.8   214.1   -   -     Trade and other receivables   18   1,002.3   1,625.3   1,367.9   -   106.4     Other financial assets at amortised cost   10A   393.7   -   -   -   11.8   -     Derivative financial instruments   19   -   -   5.1   -   -     Cash and cash equivalents   33   387.6   174.8   337.3   49.4   21.1     Current tax assets   26   -   -   -   0.2   -     Current tax assets   27.94.3   2,769.6   61.4   127.5     Non-current assets classified as held for sale   20   28.8   46.6   122.9   -   -   -   | Intangible assets                              | 7     | 408.9               | 407.8    | 392.2              | -        | -        |
| Financial assets at fair value through other comprehensive income         10         529.3         -         -         544.4         -           Financial assets at amortised cost         10A         82.8         -         -         8.0         -           Investment in financial assets         10B         -         383.4         402.1         -         393.6           Non-current receivables         12         -         123.0         27.3         -         102.1           Bearer biological assets         13         7.4         7.4         7.4         -         -           Land development expenditure         14         85.7         27.4         8.6         -         -           Deferred tax assets         15         135.2         105.1         91.0         -         -           Deferred tax assets         15         135.2         105.1         91.0         -         -           Current assets         15         135.2         105.1         91.0         -         -           Current assets         16         1,011.0         895.4         845.2         -         -         -           Consumable biological assets         17         52.9         98.8         214.1  | Investment in subsidiaries                     | 8     | -                   | -        | -                  | 13,344.6 | 13,458.4 |
| comprehensive income         10         529.3         -         -         544.4         -           Financial assets at amortised cost         10A         82.8         -         -         8.0         -           Investment in financial assets         10B         -         383.4         402.1         -         393.6           Non-current receivables         12         -         123.0         27.3         -         102.1           Bearer biological assets         13         7.4         7.4         7.4         -         -           Land development expenditure         14         85.7         27.4         8.6         -         -           Deferred tax assets         15         135.2         105.1         91.0         -         -           Deferred tax assets         16         1,011.0         895.4         845.2         -         -         -           Current assets         16         1,011.0         895.4         845.2         -         -         -           Consumable biological assets         17         52.9         98.8         214.1         -         -         -           Trade and other receivables         18         1,002.3         1,625.3  | Investment in associates                       | 9     | 3,455.4             | 3,245.9  | 3,012.4            | 1,031.2  | 1,177.9  |
| Non-current receivables   10B   -   383.4   402.1   -   393.6     Non-current receivables   12   -   123.0   27.3   -   102.1     Bearer biological assets   13   7.4   7.4   7.4   -   -     Land development expenditure   14   85.7   27.4   8.6   -   -     Deferred tax assets   15   135.2   105.1   91.0   -   -     Total assets   16   1,011.0   895.4   845.2   -   -     Current assets   17   52.9   98.8   214.1   -   -     Trade and other receivables   18   1,002.3   1,625.3   1,367.9   -   106.4     Other financial assets at amortised cost   10A   393.7   -   -   11.8   -     Derivative financial instruments   19   -   -   5.1   -   -     Cash and cash equivalents   33   387.6   174.8   337.3   49.4   21.1     Current tax assets   26   -   -   -   0.2   -     Total assets   27   2,847.5   2,794.3   2,769.6   61.4   127.5     Non-current assets classified as held for sale   20   28.8   46.6   122.9   -   -   -     Non-current assets classified as held for sale   20   28.8   46.6   122.9   -   -   -   -     Cash and cash equivalents   20   28.8   46.6   122.9   -   -   -   -     Non-current assets classified as held for sale   20   28.8   46.6   122.9   -   -   -   -     Non-current assets classified as held for sale   20   28.8   46.6   122.9   -   -   -     Cash and cash equivalents   20   28.8   46.6   122.9   -   -   -   -     Non-current assets classified as held for sale   20   28.8   46.6   122.9   -   -   -   -     Output tax assets   20   28.8   46.6   20.8 |  | 10    | 529.3               | -        | -                  | 544.4    | -        |
| Non-current receivables   12  | Financial assets at amortised cost             | 10A   | 82.8                | -        | -                  | 8.0      | -        |
| Searer biological assets   13   | Investment in financial assets                 | 10B   | -                   | 383.4    | 402.1              | -        | 393.6    |
| Land development expenditure         14         85.7         27.4         8.6         -         -           Deferred tax assets         15         135.2         105.1         91.0         -         -           Current assets           Inventories         16         1,011.0         895.4         845.2         -         -           Consumable biological assets         17         52.9         98.8         214.1         -         -           Trade and other receivables         18         1,002.3         1,625.3         1,367.9         -         106.4           Other financial assets at amortised cost         10A         393.7         -         -         11.8         -           Derivative financial instruments         19         -         -         5.1         -         -           Cash and cash equivalents         33         387.6         174.8         337.3         49.4         21.1           Current tax assets         26         -         -         -         0.2         -           Non-current assets classified as held for sale         20         28.8         46.6         122.9         -         -         -   | Non-current receivables                        | 12    | -                   | 123.0    | 27.3               | -        | 102.1    |
| 15   135.2   105.1   91.0   -   -       16,601.2   15,903.6   15,443.3   14,928.2   15,132.0     10   | Bearer biological assets                       | 13    | 7.4                 | 7.4      | 7.4                | -        | -        |
| Current assets         16,601.2         15,903.6         15,443.3         14,928.2         15,132.0           Current assets           Inventories         16         1,011.0         895.4         845.2         -         -           Consumable biological assets         17         52.9         98.8         214.1         -         -           Trade and other receivables         18         1,002.3         1,625.3         1,367.9         -         106.4           Other financial assets at amortised cost         10A         393.7         -         -         11.8         -           Derivative financial instruments         19         -         -         5.1         -         -           Cash and cash equivalents         33         387.6         174.8         337.3         49.4         21.1           Current tax assets         26         -         -         -         0.2         -           Non-current assets classified as held for sale         20         28.8         46.6         122.9         -         -         -         -   | Land development expenditure                   | 14    | 85.7                | 27.4     | 8.6                | -        | -        |
| Current assets           Inventories         16         1,011.0         895.4         845.2         -         -           Consumable biological assets         17         52.9         98.8         214.1         -         -           Trade and other receivables         18         1,002.3         1,625.3         1,367.9         -         106.4           Other financial assets at amortised cost         10A         393.7         -         -         11.8         -           Derivative financial instruments         19         -         -         5.1         -         -           Cash and cash equivalents         33         387.6         174.8         337.3         49.4         21.1           Current tax assets         26         -         -         -         0.2         -           2,847.5         2,794.3         2,769.6         61.4         127.5   Non-current assets classified as held for sale   | Deferred tax assets                            | 15    | 135.2               | 105.1    | 91.0               | -        | -        |
| Inventories         16         1,011.0         895.4         845.2         -         -           Consumable biological assets         17         52.9         98.8         214.1         -         -           Trade and other receivables         18         1,002.3         1,625.3         1,367.9         -         106.4           Other financial assets at amortised cost         10A         393.7         -         -         11.8         -           Derivative financial instruments         19         -         -         5.1         -         -           Cash and cash equivalents         33         387.6         174.8         337.3         49.4         21.1           Current tax assets         26         -         -         -         0.2         -           Non-current assets classified as held for sale         20         28.8         46.6         122.9         -         -         -  |  |       | 16,601.2            | 15,903.6 | 15,443.3           | 14,928.2 | 15,132.0 |
| Consumable biological assets       17       52.9       98.8       214.1       -       -         Trade and other receivables       18       1,002.3       1,625.3       1,367.9       -       106.4         Other financial assets at amortised cost       10A       393.7       -       -       -       11.8       -         Derivative financial instruments       19       -       -       5.1       -       -       -         Cash and cash equivalents       33       387.6       174.8       337.3       49.4       21.1         Current tax assets       26       -       -       -       -       0.2       -         2,847.5       2,794.3       2,769.6       61.4       127.5    Non-current assets classified as held for sale          20       28.8       46.6       122.9       -       -       -  | Current assets                                 |       |                     |          |                    |          |          |
| Trade and other receivables       18       1,002.3       1,625.3       1,367.9       -       106.4         Other financial assets at amortised cost       10A       393.7       -       -       -       11.8       -         Derivative financial instruments       19       -       -       5.1       -       -         Cash and cash equivalents       33       387.6       174.8       337.3       49.4       21.1         Current tax assets       26       -       -       -       -       0.2       -         2,847.5       2,794.3       2,769.6       61.4       127.5    Non-current assets classified as held for sale          20       28.8       46.6       122.9       -       -       -  | Inventories                                    | 16    | 1,011.0             | 895.4    | 845.2              | -        | -        |
| Other financial assets at amortised cost       10A       393.7       -       -       11.8       -         Derivative financial instruments       19       -       -       5.1       -       -         Cash and cash equivalents       33       387.6       174.8       337.3       49.4       21.1         Current tax assets       26       -       -       -       0.2       -         2,847.5       2,794.3       2,769.6       61.4       127.5         Non-current assets classified as held for sale       20       28.8       46.6       122.9       -       -       -   | Consumable biological assets                   | 17    | 52.9                | 98.8     | 214.1              | -        | -        |
| Derivative financial instruments       19       -       -       5.1       -       -         Cash and cash equivalents       33       387.6       174.8       337.3       49.4       21.1         Current tax assets       26       -       -       -       -       0.2       -         2,847.5       2,794.3       2,769.6       61.4       127.5    Non-current assets classified as held for sale         20       28.8       46.6       122.9       -       -       -  | Trade and other receivables                    | 18    | 1,002.3             | 1,625.3  | 1,367.9            | -        | 106.4    |
| Cash and cash equivalents       33       387.6       174.8       337.3       49.4       21.1         Current tax assets       26       -       -       -       -       0.2       -         2,847.5       2,794.3       2,769.6       61.4       127.5         Non-current assets classified as held for sale       20       28.8       46.6       122.9       -       -       -   | Other financial assets at amortised cost       | 10A   | 393.7               | -        | -                  | 11.8     | -        |
| Current tax assets       26       -       -       -       -       0.2       -         2,847.5       2,794.3       2,769.6       61.4       127.5         Non-current assets classified as held for sale       20       28.8       46.6       122.9       -       -  | Derivative financial instruments               | 19    | -                   | -        | 5.1                | -        | -        |
| 2,847.5         2,794.3         2,769.6         61.4         127.5           Non-current assets classified as held for sale         20         28.8         46.6         122.9         -         -         -  | Cash and cash equivalents                      | 33    | 387.6               | 174.8    | 337.3              | 49.4     | 21.1     |
| Non-current assets classified as held for sale 20 28.8 46.6 122.9   | Current tax assets                             | 26    | -                   | -        | -                  | 0.2      |          |
|   |  |       | 2,847.5             | 2,794.3  | 2,769.6            | 61.4     | 127.5    |
| <b>Total assets 19,477.5</b> 18,744.5 18,335.8 <b>14,989.6</b> 15,259.5   | Non-current assets classified as held for sale | 20    | 28.8                | 46.6     | 122.9              | -        | -        |
|   | Total assets                                   |       | 19,477.5            | 18,744.5 | 18,335.8           | 14,989.6 | 15,259.5 |

The notes on pages 94 to 165 from an integral part of these financial statements. Auditor's report on pages 82 to 85.

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

December 31, 2018

|   |       | THE GROUP THE COMP |                  |   |          |          |
|---|-------|--------------------|------------------|---|----------|----------|
|   | Notes | 2018               | Restated<br>2017 | As at<br>January 1,<br>2017<br>Restated | 2018     | 2017     |
| EQUITY AND LIABILITIES  |       | MUR'M              | MUR'M            | MUR'M                                   | MUR'M    | MUR'M    |
| Capital and reserves  |       |                    |                  |   |          |          |
| Stated capital  | 21    | 11,976.0           | 11,976.0         | 11,976.0                                | 11,976.0 | 11,976.0 |
| Revaluation and other reserves  | 22    | 1,000.2            | 351.9            | 293.1                                   | 768.6    | 934.6    |
| Retained earnings   |       | 798.4              | 930.6            | 1,037.4                                 | 1,696.4  | 1,713.7  |
| Owners' interest  |       | 13,774.6           | 13,258.5         | 13,306.5                                | 14,441.0 | 14,624.3 |
| Non-controlling interests   |       | 1,052.5            | 1,062.3          | 991.4                                   | -        | -        |
| Total equity  |       | 14,827.1           | 14,320.8         | 14,297.9                                | 14,441.0 | 14,624.3 |
| Non-current liabilities   |       |                    |                  |   |          |          |
| Borrowings  | 23    | 243.4              | 353.0            | 361.4                                   | -        | -        |
| Deferred tax liabilities  | 15    | 234.3              | 196.1            | 220.6                                   | -        | -        |
| Retirement benefit obligations  | 24    | 580.4              | 659.6            | 597.3                                   | -        | -        |
|   |       | 1,058.1            | 1,208.7          | 1,179.3                                 | -        | -        |
| Current liabilities   |       |                    |                  |   |          |          |
| Trade and other payables  | 25    | 1,069.0            | 841.5            | 828.8                                   | 21.3     | 5.1      |
| Current tax liabilities   | 26    | 28.3               | 20.6             | 29.9                                    | -        | 0.7      |
| Borrowings  | 23    | 2,461.7            | 2,345.2          | 1,997.6                                 | 527.3    | 629.4    |
| Derivative financial instruments  | 19    | -                  | 0.3              | -                                       | -        | -        |
|   |       | 3,559.0            | 3,207.6          | 2,856.3                                 | 548.6    | 635.2    |
| Liabilities directly associated with non-current assets classified as held for sale | 20(b) | 33.3               | 7.4              | 2.3                                     | -        | -        |
| Total liabilities   |       | 4,650.4            | 4,423.7          | 4,037.9                                 | 548.6    | 635.2    |
| Total equity and liabilities  |       | 19,477.5           | 18,744.5         | 18,335.8                                | 14,989.6 | 15,259.5 |

These financial statements have been approved for issue by the Board of Directors on 28 March 2019

Nicolas Maigrot Managing Director

Margaret Wong Ping Lun Director

# STATEMENTS OF PROFIT OR LOSS

Year ended December 31, 2018

|   |              | THE G     | ROUP             | THE COMPANY |        |
|---|--------------|-----------|------------------|-------------|--------|
|   | Notes        | 2018      | Restated<br>2017 | 2018        | 2017   |
|   |              | MUR'M     | MUR'M            | MUR'M       | MUR'M  |
| Revenue                                   | 2.23, 41 (c) | 5,079.3   | 5,087.3          | 244.1       | 302.0  |
| Compensation from the Sugar Insurance     |              |           |                  |             |        |
| Fund Board                                | 42           | 37.4      | 67.2             | -           | -      |
| Losses arising from changes in fair value |              |           |                  |             |        |
| of consumable biological assets           | 17           | (45.9)    | (115.3)          | -           | -      |
|   | _            | 5,070.8   | 5,039.2          | 244.1       | 302.0  |
| Cost of sales                             | 29           | (4,043.6) | (3,875.7)        | -           | -      |
| Gross profit                              | _            | 1,027.2   | 1,163.5          | 244.1       | 302.0  |
| Other income                              | 27           | 402.2     | 287.8            | 0.2         | 1.9    |
| Administrative expenses                   | 29           | (699.6)   | (582.5)          | (15.9)      | (17.5) |
| Distribution costs                        | 29           | (154.5)   | (138.4)          | -           | -      |
| Other expenses                            | 29           | (391.8)   | (411.7)          | -           | (4.4)  |
| Profit before finance costs               | 28           | 183.5     | 318.7            | 228.4       | 282.0  |
| Finance costs                             | 30           | (97.6)    | (100.4)          | (31.7)      | (17.1) |
| Profit after finance costs                | _            | 85.9      | 218.3            | 196.7       | 264.9  |
| Share of results of associates - net      | 9            | 203.9     | 42.3             | -           | -      |
| Impairment of associates                  | 9            | -         | -                | -           | (94.9) |
| Profit before taxation                    | -            | 289.8     | 260.6            | 196.7       | 170.0  |
| Taxation                                  | 26           | (56.3)    | (15.2)           | 0.5         | (0.7)  |
| Profit for the year                       | -            | 233.5     | 245.4            | 197.2       | 169.3  |
| Profit attributable to:                   |              |           |                  |             |        |
| Owners of the parent                      |              | 121.5     | 86.6             | 197.2       | 169.3  |
| Non-controlling interests                 |              | 112.0     | 158.8            | -           | -      |
|   | -            | 233.5     | 245.4            | 197.2       | 169.3  |
| Earnings per share (MUR)                  | 31           | 0.53      | 0.38             | 0.87        | 0.74   |

The notes on pages 94 to 165 from an integral part of these financial statements. Auditor's report on pages 82 to 85.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2018

|  | THE GROUP |          | THE COMPANY |        |
|--|-----------|----------|-------------|--------|
|  |           | Restated |             |        |
|  | 2018      | 2017     | 2018        | 2017   |
|  | MUR'M     | MUR'M    | MUR'M       | MUR'M  |
| Profit for the year  | 233.5     | 245.4    | 197.2       | 169.3  |
| Other comprehensive income:                                    |           |          |             |        |
| Items that will not be reclassified to profit or loss:         |           |          |             |        |
| Revaluation adjustments  | 372.1     | -        | -           | -      |
| Remeasurements of post employment benefit obligations          | 91.9      | (32.1)   | -           | -      |
| Deferred tax on remeasurements of post employment              |           |          |             |        |
| benefit obligations  | (13.5)    | (0.4)    | -           | -      |
| Share of other comprehensive income of associates              | 79.8      | 44.6     | -           | -      |
| Scrappings of revalued property, plant and equipment           | (0.4)     | -        | -           | -      |
| Items that may be reclassified subsequently to profit or loss: |           |          |             |        |
| Increase/(decrease) in fair value of investments               | 40.6      | 34.5     | (186.7)     | (18.6) |
| Fair value movement on disposal of financial assets            | -         | 2.1      | -           | 2.1    |
| Translation reserve movement                                   | 14.6      | (21.0)   | -           | -      |
| Other comprehensive income for the year                        | 585.1     | 27.7     | (186.7)     | (16.5) |
| Total comprehensive income for the year                        | 818.6     | 273.1    | 10.5        | 152.8  |
| Total comprehensive income attributable to:                    |           |          |             |        |
| Owners of the parent   | 695.6     | 120.7    | 10.5        | 152.8  |
| Non-controlling interests                                      | 123.0     | 152.4    | 10.5        | 1,52.0 |
| ton contolling interests                                       | 818.6     | 273.1    | 10.5        | 152.8  |

# STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

|  | _     | Attr             | ibutable to ow                       | _                    |          |                                  |                 |
|--|-------|------------------|--------------------------------------|----------------------|----------|----------------------------------|-----------------|
| THE GROUP  | Notes | Share<br>Capital | Revaluation<br>and Other<br>Reserves | Retained<br>Earnings | Total    | Non-<br>Controlling<br>Interests | Total<br>Equity |
|  |       | MUR'M            | MUR'M                                | MUR'M                | MUR'M    | MUR'M                            | MUR'M           |
| At January 1, 2018   |       |                  |                                      |                      |          |                                  |                 |
| - As previously reported                                       | 43    | 11,976.0         | 358.2                                | 924.1                | 13,258.3 | 1,074.6                          | 14,332.9        |
| - Effect on changes in effective tax rate                      | 43    | -                | (6.3)                                | 6.5                  | 0.2      | (12.3)                           | (12.1)          |
| - as restated  | -     | 11,976.0         | 351.9                                | 930.6                | 13,258.5 | 1,062.3                          | 14,320.8        |
| - Effect on changes in accounting policies                     |       |                  | _                                    | (27.3)               | (27.3)   | _                                | (27.3)          |
| Profit for the year  |       |                  | _                                    | 121.5                | 121.5    | 112.0                            | 233.5           |
| Other comprehensive income for                                 |       | _                | _                                    | 121,3                | 121.3    | 112.0                            | 233.3           |
| the year   |       | -                | 574.1                                | -                    | 574.1    | 11.0                             | 585.1           |
| Deconsolidation of subsidiairies                               |       | -                | -                                    | (8.7)                | (8.7)    | (5.7)                            | (14.4)          |
| Transfers to retained earnings                                 |       | -                | 20.7                                 | (20.7)               | -        | -                                | -               |
| Movement in reserves   |       | -                | 53.5                                 | -                    | 53.5     | -                                | 53.5            |
| Dividends  | 32    | -                | -                                    | (193.4)              | (193.4)  | (117.3)                          | (310.7)         |
| Consolidation adjustments                                      |       | -                | -                                    | (3.6)                | (3.6)    | (9.8)                            | (13.4)          |
| Balance at December 31, 2018                                   | -     | 11,976.0         | 1,000.2                              | 798.4                | 13,774.6 | 1,052.5                          | 14,827.1        |
| At January 1, 2017   |       |                  |                                      |                      |          |                                  |                 |
| - as previously reported                                       |       | 11,976.0         | 298.8                                | 1,032.0              | 13,306.8 | 1,003.7                          | 14,310.5        |
| - effect of changes in effective rate                          | 43    | -                | (5.7)                                | 5.4                  | (0.3)    | (12.3)                           | (12.6)          |
| - As restated  |       | 11,976.0         | 293.1                                | 1,037.4              | 13,306.5 | 991.4                            | 14,297.9        |
| Profit for the year - restated                                 |       | -                | -                                    | 86.6                 | 86.6     | 158.8                            | 245.4           |
| Other comprehensive income for the year - restated             |       | -                | 34.1                                 | -                    | 34.1     | (6.4)                            | 27.7            |
| Release of deferred tax on excess depreciation over historical |       | _                | 1.0                                  | _                    | 1.0      | _                                | 1.0             |
| cost depreciation  |       | -                | 1.0                                  | -                    | 1.0      | 20.0                             |                 |
| Release on disposal of land                                    |       | -                | -                                    | -                    | -        | 30.9                             | 30.9            |
| Movement in reserves   | 22    | -                | 23.7                                 | (102.4)              | 23.7     | 0.7                              | 24.4            |
| Dividends  | 32    | -                | -                                    | (193.4)              | (193.4)  | (113.1)                          | (306.5)         |
| Balance at December 31, 2017                                   |       | 11,976.0         | 351.9                                | 930.6                | 13,258.5 | 1,062.3                          | 14,320.8        |

The notes on pages 94 to 165 from an integral part of these financial statements. Auditor's report on pages 82 to 85.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended December 31, 2018

|   |       |          |                         | Financial<br>Assets |          |          |
|---|-------|----------|-------------------------|---------------------|----------|----------|
|   |       |          |                         | at Fair Value       |          |          |
|   |       | Share    | Amalgamation            | through<br>OCI      | Retained |          |
|   | Notes | Capital  | Amalgamation<br>Reserve | Reserve             | Earnings | Total    |
| THE COMPANY                                 |       | MUR'M    | MUR'M                   | MUR'M               | MUR'M    | MUR'M    |
| At January 1, 2018                          |       |          |                         |                     |          |          |
| - as previously reported                    |       | 11,976.0 | (172.3)                 | 1,106.9             | 1,713.7  | 14,624.3 |
| - effect of changes in accounting policies: |       |          |                         |                     |          |          |
| Impact of IFRS 9                            | 43    | -        | -                       | -                   | (0.4)    | (0.4)    |
| - as restated                               |       | 11,976.0 | (172.3)                 | 1,106.9             | 1,713.3  | 14,623.9 |
| Profit for the year                         |       | -        | -                       | -                   | 197.2    | 197.2    |
| Other comprehensive income for the year     |       | -        | -                       | (186.7)             | -        | (186.7)  |
| Dividends                                   | 32    | -        | -                       | -                   | (193.4)  | (193.4)  |
| Transfer to retained earnigs                |       | -        | -                       | 20.7                | (20.7)   | _        |
| At December 31, 2018                        | :     | 11,976.0 | (172.3)                 | 940.9               | 1,696.4  | 14,441.0 |
|   |       |          |                         |                     |          |          |
| At January 1, 2017                          |       | 11,976.0 | (172.3)                 | 1,123.4             | 1,737.8  | 14,664.9 |
| Profit for the year                         |       | -        | -                       | -                   | 169.3    | 169.3    |
| Other comprehensive income for the year     |       | -        | -                       | (16.5)              | -        | (16.5)   |
| Dividends                                   | 32    | -        | -                       | -                   | (193.4)  | (193.4)  |
| At December 31, 2017                        |       | 11,976.0 | (172.3)                 | 1,106.9             | 1,713.7  | 14,624.3 |

# STATEMENTS OF CASH FLOWS

Year ended December 31, 2018

|  |       | THE G   | ROUP    | THE CO  | MPANY   |
|--|-------|---------|---------|---------|---------|
|  | Notes | 2018    | 2017    | 2018    | 2017    |
|  |       | MUR'M   | MUR'M   | MUR'M   | MUR'M   |
| Operating activities                         |       |         |         |         |         |
| Profit before taxation                       |       | 289.8   | 260.6   | 196.7   | 170.0   |
| Adjustments for:                             |       |         |         |         |         |
| Depreciation                                 | 5     | 373.4   | 371.0   | -       | -       |
| Profit on sale of property, plant and        |       |         |         |         |         |
| equipment/non current assets classified      |       |         |         |         |         |
| as held for sale                             |       | (245.8) | (167.8) | -       | -       |
| (Profit)/loss on sale of investments         |       | (6.0)   | 4.8     | 5.7     | 2.0     |
| Retirement benefit obligations               |       | 4.6     | 30.2    | -       | -       |
| Amortisation of intangible assets            | 7     | 5.7     | 1.7     | -       | -       |
| Depreciation of investment properties        | 6     | 6.5     | 6.0     | -       | -       |
| Impairment of associate                      | 9     | -       | -       | -       | 94.9    |
| Impairment of financial assets               |       | -       | 2.9     | -       | 2.9     |
| Impairment of goodwill                       |       | -       | 58.2    | -       | -       |
| Derivative financial instruments             |       | -       | 5.1     | -       | -       |
| Investment income                            |       | (16.8)  | (39.7)  | (244.1) | (302.0) |
| Interest expense                             | 30    | 107.9   | 101.5   | 31.7    | 17.1    |
| Share of results of associates               |       | (203.9) | (42.3)  | -       | -       |
| Changes in working capital:                  |       |         |         |         |         |
| - inventories                                |       | (115.6) | (50.2)  | -       | -       |
| - consumable biological assets               | 17    | 45.9    | 115.3   | -       | -       |
| - trade and other receivables                |       | 229.3   | (260.0) | 94.6    | (60.9)  |
| - trade and other payables                   |       | 239.9   | 12.7    | 16.3    | (7.4)   |
|  |       | 714.9   | 410.0   | 100.9   | (83.4)  |
| Interest paid                                |       | (107.9) | (101.5) | (31.7)  | (17.1)  |
| Net income tax paid                          |       | (54.0)  | (62.0)  | -       | -       |
| Net cash from/(used in) operating activities |       | 553.0   | 246.5   | 69.2    | (100.5) |
|  |       |         |         |         |         |

The notes on pages 94 to 165 from an integral part of these financial statements. Auditor's report on pages 82 to 85.

# STATEMENTS OF CASH FLOWS (CONT'D)

Year ended December 31, 2018

|  | Notes | 2018    | 2017    | 2018    | 2017    |
|--|-------|---------|---------|---------|---------|
| Investing activities                             |       | MUR'M   | MUR'M   | MUR'M   | MUR'M   |
| Purchase of property, plant and                  |       |         |         |         |         |
| equipment/investment properties                  |       | (282.6) | (405.6) | -       | -       |
| Intangible assets acquired                       |       | (6.8)   | (8.9)   | -       | _       |
| Replantation costs                               |       | (52.4)  | (62.0)  | -       | _       |
| Land development expenditure/                    |       | , ,     |         |         |         |
| non-current assets classified as held for sale   |       | (60.1)  | (56.9)  | -       | -       |
| Purchase of investment in                        |       |         |         |         |         |
| - subsidiaries                                   |       | -       | (21.3)  | -       | -       |
| - associates                                     | 9     | (10.0)  | (199.4) | (10.0)  | (155.9) |
| - others   | 10    | (75.7)  | _       | (75.7)  | _       |
| Proceeds on sale of property, plant and          |       | , ,     |         | . ,     |         |
| equipment/non-current assets classified          |       |         |         |         |         |
| as held for sale                                 |       | 311.8   | 259.4   | -       | -       |
| Proceeds on sale of investments                  |       | 8.6     | 0.7     | 1.9     | 3.8     |
| Loans recovered from/(granted to) related party  |       | 40.5    | (95.7)  | (1.6)   | (87.0)  |
| Interest received                                |       | 11.6    | 11.4    | _       | _       |
| Dividend received                                |       | 89.2    | 137.8   | 244.1   | 302.0   |
| Net cash from/(used in) investing activities     |       | (25.9)  | (440.5) | 158.7   | 62.9    |
| Financing activities                             |       |         |         |         |         |
| Proceeds from borrowings                         |       | 656.2   | 570.1   | 95.8    | 305.2   |
| Redemption of capital                            |       | -       | 3.8     | -       | 3.8     |
| Repayment of loans                               |       | (557.2) | (145.3) | (95.1)  | (70.0)  |
| Finance lease principle repayment                |       | (10.5)  | (9.0)   | (55.1)  | (70.0)  |
| Dividends paid to shareholders of                |       | (10.2)  | (3.0)   |         |         |
| Terra Mauricia Ltd                               | 32    | (193.4) | (193.4) | (193.4) | (193.4) |
| Dividends paid to outside shareholders           | 32    | (173.4) | (173.4) | (173.4) | (173.4) |
| of subsidiaries                                  |       | (117.3) | (113.1) | _       | _       |
| Net cash (used in)/from financing activities     |       | (222.2) | 113.1   | (192.7) | 45.6    |
| vet easir (used in yirroin rinancing activities  |       | (222.2) | 113.1   | (1)2.7) | 43.0    |
| Increase/(decrease) in cash and cash equivalents |       | 304.9   | (80.9)  | 35.2    | 8.0     |
| Movement in cash and cash equivalents            |       |         |         |         |         |
| At January 1,                                    |       | 51.6    | 136.3   | 7.9     | (0.1)   |
| Increase/(decrease)                              |       | 304.9   | (80.9)  | 35.2    | 8.0     |
| Acquisitions through business combinations       |       | 304.7   | 2.6     | -       | 0.0     |
| Consolidation adjustment                         |       | _       | (6.4)   | _       | -       |
| COMPONENTION ACTUALITY                           |       | -       | (U.T)   | -       | -       |

### NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31 2018

#### GENERAL INFORMATION

Terra Mauricia Ltd is a public limited company incorporated and domiciled in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius Ltd since January 1, 2012. The address of its registered office is Beau Plan Business Park, Pamplemousses.

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

#### **Principal activities**

Terra Mauricia Ltd is an investment holding company.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

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The financial statements of Terra Mauricia Ltd and its subsidiary companies (The Group) comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company).

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest million (MUR'M), except when otherwise indicated.

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

- (i) Land, buildings, power plant, building and civil works and certain factory equipment are carried at revalued amounts;
- (ii) Investment in financial assets are stated at their fair value;
- (iii) Consumable biological assets are stated at their fair value; and
- (iv) Relevant financial assets and financial liabilities are carried at their fair value or amortised cost.

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.7. The Group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Group has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.23. In accordance with the transition provisions in IFRS 15, the Group has not restated comparatives for the 2017 financial year.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 2.1 Basis of preparation (Cont'd)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Group's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant
- IAS 28 clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Group's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Group's financial statements.

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Group has not early adopted.

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

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

IFRS 16 Leases

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015-2017 Cycle

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Definition of a Business (Amendments to IFRS 3)

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

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

Year ended December 31, 2018

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

#### 2.1 Basis of preparation (Cont'd)

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

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

#### 2.2 Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at their existing use value based on valuations of external independent valuers, less subsequent depreciation for buildings. Power Plant and Building and Civil works and certain factory equipment are shown at their existing use value based on depreciated replacement cost less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation.

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

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

Each year the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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

| Buildings on Leasehold Land    | 2 - 6%   |
|--------------------------------|----------|
| Land improvement               | 2%       |
| Buildings                      | 2 - 9%   |
| Power Plant                    | 4 - 20%  |
| Building and Civil Works       | 4 - 10%  |
| Factory Equipment              | 2 - 10%  |
| Agricultural Equipment         | 5 - 20%  |
| Motor Vehicles                 | 20 - 25% |
| Furniture and Office Equipment | 5 - 35%  |
| Bearer plants                  | 12 - 5%  |

Land is not depreciated.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 2.2 Property, plant and equipment (Cont'd)

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

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

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

#### 2.3 Investment properties

Investment properties, held to earn rentals, are initially stated at cost plus transaction costs. Subsequently they are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight line method to write off the cost of the investment properties to their residual values over the estimated useful life.

The principal annual rate is as follows:

Buildings 2 - 8%

#### 2.4 Intangible assets

Intangible assets consist of Land Conversion Rights (closure costs), brands, goodwill, computer software and legal fees in respect of commercial contracts and distribution rights.

#### (i) Closure costs

Closure costs represents land conversion rights and are shown at cost. These are expected to be recovered from the profit on disposal of earmarked freehold land (note 7(e)) and are tested annually for impairment.

#### (ii) Brands/distribution rights

Brands/distribution rights are shown at cost and tested annually for impairment.

#### (iii) Goodwill

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

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

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

#### (iv) Computer software

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

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

Year ended December 31, 2018

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

#### 2.4 Intangible assets (Cont'd)

#### (v) Legal fees

Legal fees incurred in respect of commercial contracts are capitalised on the basis that future economic benefits are expected to be derived from these contracts and can be reliably measured (10 years).

#### 2.5 Investment in subsidiaries

#### Separate financial statements of the investor

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

#### Consolidated financial statements

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

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

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

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

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

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

#### Transactions with non-controlling interests

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

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Investment in subsidiaries (Cont'd)

#### Disposal of subsidiaries

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

#### 2.6 Investment in associates

#### Separate financial statements of the investor

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

#### Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

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

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

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

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

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

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

#### 2.7 Financial assets

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

#### (i) Amortised cost

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

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Year ended December 31, 2018

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

#### 2.7 Financial assets (Cont'd)

#### (i) Amortised cost (Cont'd)

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

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

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

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

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

#### (ii) Fair value through other comprehensive income

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

The Company/Group has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified to profit or loss.

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

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

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.8 Financial liabilities

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

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

#### (i) Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest payable while the liability is outstanding.

#### 2.9 Biological assets

#### (i) Bearer biological assets

Bearer biological assets, excluding bearer plants are stated at their fair value.

#### (ii) Consumable biological assets

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

#### 2.10 Leases

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

#### (a) Accounting for leases - where Company is the lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss unless they are attributable to qualifying assets in which case, they are capitalised as borrowing costs.

#### (b) Accounting for leases - where Company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

#### 2.11 Current and deferred income tax

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

Year ended December 31, 2018

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

#### 2.11 Current and deferred income tax (Cont'd)

#### Current tax

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

#### Deferred tax

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

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

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

#### 2.12 Inventories

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

#### 2.13 Derivative financial instruments

Derivative financial instruments relate to currency swaps. These are initially recognised at cost on the date a derivative contract is entered into and subsequently remeasured at their fair value. Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss. The fair values of derivative financial instruments held for trading are disclosed in note 19.

#### 2.14 Non-current assets classified as held for sale

#### The Group

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Events or circumstances may extend the period to complete the sale beyond one year if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 2.15 Stated capital

Ordinary shares are classified as equity.

#### 2.16 Hedge accounting

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

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

#### (i) Cash flow hedges

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

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

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

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk (such as floating to fixed interest rate swaps) are also recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the Group/Company closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.

Year ended December 31, 2018

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

#### 2.17 Borrowings

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

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

#### 2.18 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.19 Retirement benefit obligations

#### Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

#### Defined benefit plans

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

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

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

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

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

#### Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Emploment Rights Act 2008 is calculated by qualified actuaries and provided for. The obligations arising under this item are not funded.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 2.20 Provisions

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

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

#### 2.21 Foreign currencies

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying as cash flow hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents is presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss.

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

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

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

#### (iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates; and
- (c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Year ended December 31, 2018

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

#### 2.22 Impairment of non-financial assets

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

#### 2.23 Revenue recognition

#### a) Revenue from contracts with customers

#### Performance obligations and timing of revenue recognition

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

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the Group still has physical possession only if:

- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Company does not have the ability to use the product to direct it to another customer.

#### Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

#### Allocating amounts to performance obligations

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

#### **Practical Exemptions**

The Company has taken advantage of the practical exemptions:

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

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 2.23 Revenue recognition (Cont'd)

#### b) Other revenues earned by the Group/Company are recognised on the following bases:

- Royalty income on an accruals basis in accordance with the substance of the relevant agreements.
- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Dividend income when the shareholder's right to receive payment is established.
- Lease income arising from operating leases-on a straight-line basis over the lease term.

#### 2.24 Dividend distribution

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

#### 2.25 Segment reporting

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

Year ended December 31, 2018

#### FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group endeavors to manage its exposure to market risks and to minimize the impact of volatility in exchange rates and interest rates on the bottom line of Group companies. To this end, it uses appropriate derivative financial instruments along with other hedging tools with a proactive approach.

The Group's activities expose it to a variety of financial risks which have to be effectively managed so as to protect its long term sustainability and to safeguard the interests of its stakeholders.

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

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

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk and
- (d) Cash flow and fair value interest rate risk.

#### (a) Market risk

#### (i) Currency risk

The Group is exposed to foreign exchange risk arising from sugar growing activities, primarily with respect to the Euro and the US dollar. This risk affects both the crop proceeds and the fair value of the biological assets.

The Group also has investments in foreign entities, whose net assets are exposed to currency translation risk.

#### Currency profile

The currency profile of the Group's and the Company's total assets and liabilities are summarised below:

|          |  |   | Other   |   |
|----------|--|---|---|---|
| MUR      | EURO   | USD   | currencies  | Total   |
| MUR'M    | MUR'M  | MUR'M   | MUR'M   | MUR'M   |
|          |  |   |   |   |
| 862.1    | 62.2   | 8.7   | 69.3  | 1,002.3   |
| 474.5    | -  | 0.3   | 1.7   | 476.5   |
| 366.5    | 6.6  | 14.5  | -   | 387.6   |
| 16,770.2 | 723.8  | 117.1   | -   | 17,611.1  |
| 18,473.3 | 792.6  | 140.6   | 71.0  | 19,477.5  |
|          |  |   |   |   |
| 4,166.2  | 301.6  | 182.6   | -   | 4,650.4   |
|          |  |   |   |   |
|          |  |   |   |   |
| 1,376.1  | 160.6  | 21.8  | 66.8  | 1,625.3   |
| 140.4    | 12.9   | 17.0  | 4.5   | 174.8   |
| 15,134.3 | 1,736.9  | -   | 73.2  | 16,944.4  |
| 16,650.8 | 1,910.4  | 38.8  | 144.5   | 18,744.5  |
|          |  |   |   |   |
| 3,904.8  | 369.5  | 2.6   | 146.8   | 4,423.7   |
|          | MUR'M  862.1 474.5 366.5 16,770.2 18,473.3  4,166.2  1,376.1 140.4 15,134.3 16,650.8 | MUR'M         MUR'M           862.1         62.2           474.5         -           366.5         6.6           16,770.2         723.8           18,473.3         792.6           4,166.2         301.6           1,376.1         160.6           140.4         12.9           15,134.3         1,736.9           16,650.8         1,910.4 | MUR'M         MUR'M         MUR'M           862.1         62.2         8.7           474.5         -         0.3           366.5         6.6         14.5           16,770.2         723.8         117.1           18,473.3         792.6         140.6           4,166.2         301.6         182.6           1,376.1         160.6         21.8           140.4         12.9         17.0           15,134.3         1,736.9         -           16,650.8         1,910.4         38.8 | MUR         EURO         USD         currencies           MUR'M         MUR'M         MUR'M         MUR'M           862.1         62.2         8.7         69.3           474.5         -         0.3         1.7           366.5         6.6         14.5         -           16,770.2         723.8         117.1         -           18,473.3         792.6         140.6         71.0           4,166.2         301.6         182.6         -           1,376.1         160.6         21.8         66.8           140.4         12.9         17.0         4.5           15,134.3         1,736.9         -         73.2           16,650.8         1,910.4         38.8         144.5 |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 3.1 Financial risk factors (Cont'd)

#### (a) Market risk (Cont'd)

#### (i) Currency risk (Cont'd)

| THE COMPANY                        | MUR      | USD   | EURO  | Total    |
|------------------------------------|----------|-------|-------|----------|
|                                    | MUR'M    | MUR'M | MUR'M | MUR'M    |
| At December 31, 2018               |          |       |       |          |
| Financial assets at amortised cost | 19.8     |       |       | 19.8     |
| Cash in hand and at bank           | 38.2     | 11.0  | 0.2   | 49.4     |
| Other assets                       | 14,920.4 | -     | -     | 14,920.4 |
| Total assets                       | 14,978.4 | 11.0  | 0.2   | 14,989.6 |
|                                    |          |       |       |          |
| Liabilities                        | 548.6    | -     | _     | 548.6    |
|                                    |          |       |       |          |
| <u>At December 31, 2017</u>        |          |       |       |          |
| Trade and other receivables        | 106.4    | -     | -     | 106.4    |
| Cash in hand and at bank           | 20.7     | 0.1   | 0.3   | 21.1     |
| Other assets                       | 14,394.0 | -     | 738.0 | 15,132.0 |
| Total assets                       | 14,521.1 | 0.1   | 738.3 | 15,259.5 |
|                                    |          |       |       |          |
| Liabilities                        | 635.2    | -     | _     | 635.2    |
|                                    |          |       |       |          |

At December 31, 2018, if the rupee had weakened/strengthened by 5% against the US dollar/Euro with all other variables held constant, post-tax profit for the year would have impacted as shown in the table below, mainly as a result of foreign exchange gains/ losses on translation of US dollar/Euro denominated borrowings, financial assets at fair value through profit or loss, bank deposits, trade receivables and payables.

|                                   | THE G   | THE GROUP |       | MPANY |
|-----------------------------------|---------|-----------|-------|-------|
|                                   | 2018    | 2017      | 2018  | 2017  |
|                                   | MUR'M   | MUR'M     | MUR'M | MUR'M |
| Rupee strengthened/weakened by 5% |         |           |       |       |
| Post-tax profit and equity        | 26.0    | 78.7      | 0.6   | 36.9  |
|                                   | <u></u> |           |       |       |

#### (ii) Price risk

The Group is exposed to equity securities price risk because of investments in financial assets held by the Group and classified on the consolidated statement of financial position as available-for-sale.

The Group is also exposed to price risk with the incidence of the market price of sugar.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Year ended December 31, 2018

#### FINANCIAL RISK MANAGEMENT (CONT'D)

#### 3.1 Financial risk factors (Cont'd)

#### (a) Market risk (Cont'd)

#### (ii) Price risk (Cont'd)

#### Sensitivity analysis

Available- for-sale investments

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

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

| THE G | ROUP  | THE COMPANY |       |  |  |
|-------|-------|-------------|-------|--|--|
| 2018  | 2017  | 2018        | 2017  |  |  |
| MUR'M | MUR'M | MUR'M       | MUR'M |  |  |
| +/-5% | +/-5% | +/-5%       | +/-5% |  |  |
| 26.5  | 19.2  | 746.7       | 751.5 |  |  |

#### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group trade receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position, are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current environment.

As regards the sugar and energy segments, the Group has significant concentration of credit risk with exposure spread over a few customers. However, sale of products is made through reputable institutions where risk of default is very remote.

As for the Brands segment, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and to limit the amount of credit exposure to any one financial institution.

#### (c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 3.1 Financial risk factors (Cont'd)

Trade and other payables

#### (c) Liquidity risk (Cont'd)

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

Forecasted liquidity reserve as of December 31, 2018 is as follows:

|  | THE G   | THE GROUP |        | MPANY   |
|--|---------|-----------|--------|---------|
|  | 2019    | 2018      | 2019   | 2018    |
|  | MUR'M   | MUR'M     | MUR'M  | MUR'M   |
| Opening balance                                | 356.5   | 51.6      | 43.1   | 7.9     |
| Cash flows from/(used in) operating activities | 370.7   | 480.4     | (41.2) | 69.2    |
| Cash flows (used in)/from investing activities | (696.4) | 46.7      | 20.7   | 168.7   |
| Cash flows used in from financing activities   | (14.1)  | (222.2)   | (2.5)  | (202.7) |
| Closing balance                                | 16.7    | 356.5     | 20.1   | 43.1    |

The table below analyses the Group's non-derivative financial liabilities and into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

| THE GROUP                            | Less than  1 year  MUR'M | Between 1 and 2 years MUR'M | Between<br>2 and 5<br>years<br>MUR'M |
|--------------------------------------|--------------------------|-----------------------------|--------------------------------------|
| At December 31, 2018                 |                          |                             |                                      |
| Borrowings including bank overdrafts | 2,461.7                  | 48.8                        | 194.6                                |
| Trade and other payables             | 1,069.0                  | _                           | _                                    |
| At December 31, 2017                 |                          |                             |                                      |
| Borrowings including bank overdrafts | 2,345.2                  | 66.3                        | 286.7                                |
| Trade and other payables             | 841.5                    | -                           | -                                    |
| THE COMPANY                          |                          |                             | Less than<br>1 year                  |
|                                      |                          |                             | MUR'M                                |
| At December 31, 2018                 |                          |                             |                                      |
| Borrowings including bank overdrafts |                          |                             | 527.3                                |
| Trade and other payables             |                          |                             | 21.3                                 |
| A. D. 1 21 2017                      |                          |                             |                                      |
| At December 31, 2017                 |                          |                             | 620.4                                |
| Borrowings including bank overdrafts |                          |                             | 629.4                                |

5.1

Between

Between

Year ended December 31, 2018

#### FINANCIAL RISK MANAGEMENT (CONT'D)

#### 3.1 Financial risk factors (Cont'd)

#### (d) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates also expose the Group to fair value interest-rate risk.

(i) At December 31, 2018, if interest rates on rupee-denominated borrowings and Euro-denominated borrowings had been 10 basis points and 50 basis points respectively higher/lower with all other variables held constant, post-tax profit for the year and shareholders' equity would have been changed as shown in the table below.

|  | Rupee denominated<br>borrowings<br>(10 basis points) |       | borro | ominated<br>wings<br>s points) |
|--|--|-------|-------|--------------------------------|
|  | 2018   | 2017  | 2018  | 2017                           |
| THE GROUP  | MUR'M  | MUR'M | MUR'M | MUR'M                          |
| Impact on post-tax profit and shareholders' equity             | 2.5  | 2.3   | 13.8  | 15.9                           |
| THE COMPANY Impact on post-tax profit and shareholders' equity | 0.5  | 0.6   | N/A   | N/A                            |

(ii) At December 31, 2018, if variable interest rates on deposit at bank had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would not be significantly impacted.

#### 3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

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

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

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### FINANCIAL RISK MANAGEMENT (CONT'D)

#### 3.2 Fair value estimation (Cont'd)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

#### 3.3 Biological assets

The Group is exposed to fluctuations in the price of sugar and the incidence of exchange rate. This risk affects both the crop proceeds and the fair value of biological assets. The risk is not hedged.

#### 3.4 Capital Risk Management

The Group's objectives when managing capital are:

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

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e stated capital, revaluation and other reserves, and retained earnings).

During 2018, the Group's strategy, which was unchanged from 2017, was to reduce the debt-to-adjusted capital ratio to a reasonable level in order to secure access to finance at a reasonable cost.

The debt-to-adjusted capital ratios at December 31, 2018 and December 31, 2017 were as follows:

|                                 | THE GROUP |          | THE CC   | MPANY    |
|---------------------------------|-----------|----------|----------|----------|
|                                 | 2018      | 2017     | 2018     | 2017     |
|                                 | MUR'M     | MUR'M    | MUR'M    | MUR'M    |
| Total debt (note 23)            | 2,705.1   | 2,698.2  | 527.3    | 629.4    |
| Less: cash in hand and at bank  | (387.6)   | (174.8)  | (49.4)   | (21.1)   |
| Net debt                        | 2,317.5   | 2,523.4  | 477.9    | 608.3    |
| Total equity                    | 14,827.1  | 14,320.7 | 14,441.0 | 14,624.3 |
| Debt-to- adjusted capital ratio | 0.16:1    | 0.18:1   | 0.03:1   | 0.04:1   |

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

Year ended December 31, 2018

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### 4.1 Critical accounting estimates and assumptions

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

#### (a) Fair value of securities not quoted in an active market

Level 3 Available-for-sale investments are stated at cost since no reliable estimate could be obtained to compute the fair value of these securities. The directors used their judgement at year-end and reviewed the carrying amount of these investments and in their opinion there were no material difference between the carrying amount and the fair value of the unquoted securities. To their judgement, the carrying amount is an approximate of the fair value of these investments.

#### (b) Biological assets

#### (i) Bearer biological assets

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

#### (ii) Consumable biological assets - Standing Canes

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

The expected cash flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on the yearly budgets of the Company.

#### (c) Depreciation policies

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

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

#### (d) Pension benefits

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

#### 4.1 Critical accounting estimates and assumptions (Cont'd)

#### (e) Limitation of sensitivity analysis

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

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

#### (f) Assets lives and residual lives

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

#### (g) Revaluation of property, plant and equipment

The Group carries land, buildings and civil works and power plant at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value at December 31, 2016.

#### (h) Impairment of assets

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

Future cash flows expected to be generated by the cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is allocated to the other assets of a cash-generating unit.

#### (i) Impairment of financial assets

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

Year ended December 31, 2018

#### 5. PROPERTY, PLANT AND EQUIPMENT

| THE GROUP                                   |         | Buildings<br>on<br>Leasehold<br>Land |           |                | Building<br>and |                      |                           |        | Furniture<br>and    |                  |          |
|---|---------|--------------------------------------|-----------|----------------|-----------------|----------------------|---------------------------|--------|---------------------|------------------|----------|
| THE GROOT                                   | Land    | and Land<br>Improvement              | Buildings | Power<br>Plant | Civil<br>Works  | Factory<br>Equipment | Agricultural<br>Equipment |        | Office<br>Equipment | Bearer<br>Plants | Total    |
| COST AND<br>VALUATION<br>At January 1, 2018 | MUR'M   | MUR'M                                | MUR'M     | MUR'M          | MUR'M           | MUR'M                | MUR'M                     | MUR'M  | MUR'M               | MUR'M            | MUR'M    |
| - Cost                                      | 3,811.4 | 274.5                                | 391.2     | 338.3          | 27.1            | 836.5                | 432.2                     | 614.5  | 444.1               | 586.9            | 7,756.7  |
| - Valuation                                 | 4,547.5 | -                                    | 1,257.3   | 2,107.9        | 370.4           | 1,343.7              | -                         | -      | -                   | -                | 9,626.8  |
|   | 8,358.9 | 274.5                                | 1,648.5   | 2,446.2        | 397.5           | 2,180.2              | 432.2                     | 614.5  | 444.1               | 586.9            | 17,383.5 |
| Additions                                   | -       | 7.5                                  | 52.8      | 20.7           | 11.7            | 60.8                 | 36.9                      | 24.6   | 38.4                | 52.4             | 305.8    |
| Revaluation adjustments                     | 408.7   | -                                    | (36.6)    | -              | -               | -                    | -                         | -      | -                   | -                | 372.1    |
| Disposals of subsidiaries                   | -       | -                                    | -         | (3.7)          | -               | -                    | -                         | (3.5)  | (6.0)               | -                | (13.2)   |
| Disposals/Scrapped assets                   | (11.4)  | -                                    | (9.9)     | (3.2)          | (6.1)           | (6.3)                | (10.1)                    | (25.5) | (0.7)               | -                | (73.2)   |
| Translation differences                     | -       | -                                    | (0.8)     | -              | -               | -                    | -                         | (0.5)  | (0.6)               | -                | (1.9)    |
| Consolidation adjustments                   | (1.8)   | (2.7)                                | -         | -              | -               | -                    | -                         | -      | -                   | -                | (4.5)    |
| At December 31, 2018                        |         |                                      |           |                |                 |                      |                           |        |                     |                  |          |
| - Cost                                      | 3,798.2 | 279.3                                | 433.3     | 352.1          | 32.7            | 891.0                | 459.0                     | 609.6  | 475.2               | 639.3            | 7,969.7  |
| - Valuation                                 | 4,956.2 | -                                    | 1,220.7   | 2,107.9        | 370.4           | 1,343.7              | -                         | -      | -                   | -                | 9,998.9  |
|   | 8,754.4 | 279.3                                | 1,654.0   | 2,460.0        | 403.1           | 2,234.7              | 459.0                     | 609.6  | 475.2               | 639.3            | 17,968.6 |
| DEPRECIATION                                |         |                                      |           |                |                 |                      |                           |        |                     |                  |          |
| At January 1, 2018                          | -       | 96.7                                 | 1,331.0   | 1,318.3        | 212.7           | 1,535.4              | 421.0                     | 434.8  | 319.1               | 313.2            | 5,982.2  |
| Charge for the year                         | -       | 4.3                                  | 34.8      | 58.3           | 9.4             | 78.1                 | 20.5                      | 54.1   | 37.5                | 76.4             | 373.4    |
| Disposals of subsidiaries                   | -       | -                                    | -         | (0.5)          | -               | -                    | -                         | (0.8)  | (1.5)               | -                | (2.8)    |
| Disposals/Scrapped assets                   | -       | -                                    | (10.0)    | (1.9)          | (3.6)           | (6.3)                | (10.1)                    | (22.6) | (0.4)               | -                | (54.9)   |
| Translation differences                     | -       | -                                    | (0.1)     | -              | -               | -                    | -                         | (0.4)  | ` ′                 | -                | (0.8)    |
| At December 31, 2018                        | -       | 101.0                                | 1,355.7   | 1,374.2        | 218.5           | 1,607.2              | 431.4                     | 465.1  | 354.4               | 389.6            | 6,297.1  |
|   |         |                                      |           |                |                 |                      |                           |        |                     |                  |          |
| NET BOOK VALUES                             |         |                                      |           |                |                 |                      |                           |        |                     |                  |          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

| ) THE GROUP  | Land    | Buildings<br>on<br>Leasehold<br>Land<br>and Land<br>Improvement | Buildings | Power<br>Plant | Building<br>and<br>Civil<br>Works | Factory<br>Fauinment | Agricultural<br>Equipment |        | Furniture<br>and<br>Office | Bearer<br>Plants | Total            |
|--|---------|---|-----------|----------------|-----------------------------------|----------------------|---------------------------|--------|----------------------------|------------------|------------------|
| COST AND<br>VALUATION                                    | MUR'M   | MUR'M   | MUR'M     | MUR'M          | MUR'M                             | MUR'M                | MUR'M                     | MUR'M  | MUR'M                      | MUR'M            | MUR'M            |
| At January 1, 2017                                       |         |   |           |                |                                   |                      |                           |        |                            |                  |                  |
| - Cost   | 3,801.6 | 270.3   | 330.9     | 237.9          | 23.1                              | 755.4                | 412.6                     | 563.9  | 379.0                      | 580.0            | 7,354.7          |
| - Valuation  | 4,547.5 | -   | 1,257.3   | 2,107.9        | 370.4                             | 1,343.7              | -                         | -      | -                          | -                | 9,626.8          |
|  | 8,349.1 | 270.3   | 1,588.2   | 2,345.8        | 393.5                             | 2,099.1              | 412.6                     | 563.9  | 379.0                      | 580.0            | 16,981.5         |
| Additions  | 27.9    | 4.2   | 45.1      | 106.3          | 4.0                               | 88.4                 | 21.6                      | 66.6   | 42.7                       | 62.0             | 468.8            |
| Additions through business combinations                  | -       | -   | 17.2      | -              | -                                 | -                    | -                         | 9.7    | 19.5                       | -                | 46.4             |
| Disposals/Scrapped<br>assets<br>Assets fully depreciated | (18.1)  | -<br>-  | (2.0)     | (5.9)          | -                                 | (7.3)                | (2.0)                     | (25.7) | 2.9                        | (55.1)           | (58.1)<br>(55.1) |
| At December 31, 2017                                     |         |   |           |                |                                   |                      |                           |        |                            |                  |                  |
| - Cost   | 3,811.4 | 274.5   | 391.2     | 338.3          | 27.1                              | 836.5                | 432.2                     | 614.5  | 444.1                      | 586.9            | 7,756.7          |
| - Valuation  | 4,547.5 | -   | 1,257.3   | 2,107.9        | 370.4                             | 1,343.7              | -                         | -      | -                          | -                | 9,626.8          |
|  | 8,358.9 | 274.5   | 1,648.5   | 2,446.2        | 397.5                             | 2,180.2              | 432.2                     | 614.5  | 444.1                      | 586.9            | 17,383.5         |
| DEPRECIATION   |         |   |           |                |                                   |                      |                           |        |                            |                  |                  |
| At January 1, 2017                                       | -       | 92.7  | 1,297.6   | 1,263.8        | 203.5                             | 1,465.3              | 403.5                     | 389.0  | 280.5                      | 291.6            | 5,687.5          |
| Charge for the year                                      | -       | 4.0   | 31.8      | 57.9           | 9.2                               | 73.1                 | 19.5                      | 62.9   | 35.9                       | 76.7             | 371.0            |
| Additions through business combinations                  | -       | -   | 1.6       | -              | -                                 | _                    | -                         | 5.0    | 5.6                        | -                | 12.2             |
| Disposals/Scrapped assets                                | -       | -   | -         | (3.4)          | -                                 | (3.0)                | (2.0)                     | (22.1) |                            | -                | (33.4)           |
| Assets fully depreciated                                 |         | -   | -         | -              | -                                 | -                    | -                         | -      | -                          | (55.1)           | (55.1)           |
| At December 31, 2017                                     |         | 96.7  | 1,331.0   | 1,318.3        | 212.7                             | 1,535.4              | 421.0                     | 434.8  | 319.1                      | 313.2            | 5,982.2          |
| NET BOOK VALUES  |         |   |           |                |                                   |                      |                           |        |                            |                  |                  |
| At December 31, 2017                                     | 8,358.9 | 177.8   | 317.5     | 1,127.9        | 184.8                             | 644.8                | 11.2                      | 179.7  | 125.0                      | 273.7            | 11,401.3         |

Year ended December 31, 2018

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

#### (c) Land and buildings

Details of the Group's freehold land and buildings measured at fair value and information about the fair value hierarchy is as follows:

|                          | Lev      | rel 2    |
|--------------------------|----------|----------|
| December 31,             | 2018     | 2017     |
|                          | MUR'M    | MUR'M    |
| Freehold land            | 8,754.4  | 8,358.9  |
| Buildings                | 298.3    | 317.5    |
| Power plant              | 1,085.8  | 1,127.9  |
| Building and civil works | 184.6    | 184.8    |
| Factory equipment        | 627.5    | 644.8    |
| Total                    | 10,950.6 | 10,633.9 |

The fair value of the freehold land and buildings were derived using the sales comparison approach. This approach considers the sales of similar or substitute properties and related market data, and establishes value estimate by process involving comparison.

Land and buildings were revalued at December 31, 2016 by an independent valuer at MUR 8.5 billion on the basis of open market value in accordance solely to their existing/current (agricultural) uses, after taking into account the market risks, time and effort in eventually realising the Land bank. This valuation basis excludes potential incremental value from advantageous location attributes such as along or near main routes, along or near limits of defined settlements, along or near built-up zones, along or near coastal roads and proximity to existing infrastructure, should the land be converted to other uses. The Directors are of opinion that this basis best reflects the fair value of the properties based on existing basis and use.

During the year ended December 31, 2018, the Group earmarked a plot of land (230.69 ha) for the development of Beau Plan Smart City project. The plot of land was revalued by an independent valuer at MUR'M 756.8.

For certain types of buildings where comparison remain difficult with available market data, then the depreciated replacement cost approach is adopted.

During 2012, the Group conducted an operational efficiency review of its Power Plant which resulted in changes in the expected usage. The plant is now expected to remain in production for 24 years from 2012.

- (d) The Group has applied for and obtained permits for the conversion of 1,154.17 arpents of agricultural land to other purposes in the context of the implementation of the following schemes under the provision of the SIE Act 2001, namely:
  - (i) 1,200 Ap scheme with 229.15 arpents.
  - (ii) 800 Ap scheme with 64.04 arpents.
  - (iii) Voluntary Retirement Scheme/Early Retirement Scheme with 357.42 arpents.
  - (iv) Closure of Beau Plan Sugar Factory with 58.49 arpents.
  - (v) Upgrading and modernization of Belle Vue Sugar Factory with 165.59 arpents.
  - (vi) Setting up of CTBV Power Plant with 279.48 arpents.

#### (e) Financing of compensation payments following closure of Beau Plan Sugar Factory

The Group will recoup the closure costs through the disposal of 37 hectares of freehold land for which application has been submitted to the Ministry of Agriculture, Food, Technology and Natural Resources.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

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

| (f) | Depreciation has been charged to profit or loss as follows: | THE C | ROUP  |
|-----|---|-------|-------|
|     |   | 2018  | 2017  |
|     |   | MUR'M | MUR'M |
|     | Cost of sales   | 212.2 | 137.8 |
|     | Other expenses  | 161.2 | 233.2 |
|     |   | 373.4 | 371.0 |

(g) If property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

| THE GROUP                | Land    | Buildings | Factory<br>Equipment | Power<br>Plant | Building<br>and Civil<br>Works |
|--------------------------|---------|-----------|----------------------|----------------|--------------------------------|
|                          | MUR'M   | MUR'M     | MUR'M                | MUR'M          | MUR'M                          |
| <u>2018</u>              |         |           |                      |                |                                |
| Cost                     | 3,798.2 | 434.2     | 891.0                | 355.8          | 32.7                           |
| Accumulated depreciation |         | (326.9)   | (672.2)              | (242.0)        | (26.9)                         |
| Net book value           | 3,798.2 | 107.3     | 218.8                | 113.8          | 5.8                            |
|                          |         |           |                      |                |                                |
| <u>2017</u>              |         |           |                      |                |                                |
| Cost                     | 3,811.4 | 391.3     | 836.5                | 342.0          | 27.1                           |
| Accumulated depreciation |         | (302.1)   | (600.4)              | (186.1)        | (21.1)                         |
| Net book value           | 3,811.4 | 89.2      | 236.1                | 155.9          | 6.0                            |
|                          |         |           |                      |                |                                |

- (h) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including property, plant and equipment (note 23(f)).
- (i) Additions include MUR'M Nil (2017: MUR'M 1.2) of assets leased under finance leases.
- i) Leased assets included above comprise of agricultural equipment and motor vehicles:

|                                   |                           | THE GROUP         |        |  |  |
|-----------------------------------|---------------------------|-------------------|--------|--|--|
|                                   | Agricultural<br>Equipment | Motor<br>Vehicles | Total  |  |  |
| <u>2018</u>                       | MUR'M                     | MUR'M             | MUR'M  |  |  |
| Cost - capitalised finance leases | 62.3                      | 5.9               | 68.2   |  |  |
| Accumulated depreciation          | (36.1)                    | (5.9)             | (42.0) |  |  |
| Net book value                    | 26.2                      | -                 | 26.2   |  |  |
| 2017                              |                           |                   |        |  |  |
| Cost - capitalised finance leases | 62.3                      | 5.9               | 68.2   |  |  |
| Accumulated depreciation          | (33.1)                    | (4.6)             | (37.7) |  |  |
| Net book value                    | 29.2                      | 1.3               | 30.5   |  |  |
|                                   |                           |                   |        |  |  |

Year ended December 31, 2018

| 6. | INVESTMENT PROPERTIES | THE C | ROUP  |
|----|-----------------------|-------|-------|
|    |                       | 2018  | 2017  |
|    |                       | MUR'M | MUR'M |
|    | COST                  |       |       |
|    | At January 1,         | 299.6 | 299.6 |
|    | Additions             | 29.2  | -     |
|    | At December 31,       | 328.8 | 299.6 |
|    | DEPRECIATION          |       |       |
|    | At January 1,         | 97.3  | 91.3  |
|    | Charge for the year   | 6.5   | 6.0   |
|    | At December 31,       | 103.8 | 97.3  |
|    | NET BOOK VALUES       |       |       |
|    | At December 31,       | 225.0 | 202.3 |
|    | Fair Value            | 267.7 | 267.7 |
|    |                       |       |       |

(a) Details of the Group's investment properties and information about the fair value hierarchy is as follows:

|   | Lev   | el 3  |
|---|-------|-------|
| December 31,  | 2018  | 2017  |
|   | MUR'M | MUR'M |
| Buildings   | 267.7 | 267.7 |
| Fair value is based on market value and directors' valuation. |       |       |

**(b)** The following amounts have been recognised in profit or loss:

|  | THE G | ROUP  |
|--|-------|-------|
|  | 2018  | 2017  |
|  | MUR'M | MUR'M |
| Rental income  | 44.2  | 36.8  |
| Direct operating expenses from investment properties that generate rental income | 17.0  | 16.3  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

| 7.  | INTANGIBLE ASSETS    |   |              |          |                      |               |                        |       |
|-----|----------------------|---|--------------|----------|----------------------|---------------|------------------------|-------|
| (a) | THE GROUP            | Land<br>Conversion<br>Rights-<br>Closure<br>Costs | Brands       | Goodwill | Computer<br>Software | Legal<br>Fees | Distribution<br>Rights | Total |
|     | COST                 | MUR'M   | MUR'M        | MUR'M    | MUR'M                | MUR'M         | MUR'M                  | MUR'M |
|     | At January 1, 2018   | 319.6   | 54.6         | 22.3     | 59.1                 | 47.8          | 2.1                    | 505.5 |
|     | Additions            | -   | 1.7          | -        | 5.1                  | -             | -                      | 6.8   |
|     | At December 31, 2018 | 319.6   | 56.3         | 22.3     | 64.2                 | 47.8          | 2.1                    | 512.3 |
|     |                      |   |              |          |                      |               |                        |       |
|     | AMORTISATION         |   |              |          |                      |               |                        |       |
|     | At January 1, 2018   | -   | -            | -        | 49.9                 | 47.8          | -                      | 97.7  |
|     | Charge for the year  |   | -            | -        | 5.7                  | -             | -                      | 5.7   |
|     | At December 31, 2018 |   | -            |          | 55.6                 | 47.8          | -                      | 103.4 |
|     | NET DOOK WALLIES     |   |              |          |                      |               |                        |       |
|     | NET BOOK VALUES      | 210.6   | <i>5</i> (2) | 22.2     | 0.6                  |               | 2.1                    | 400.0 |
|     | At December 31, 2018 | 319.6   | 56.3         | 22.3     | 8.6                  |               | 2.1                    | 408.9 |
| (b) | THE GROUP            |   |              |          |                      |               |                        |       |
|     | At January 1, 2017   | 319.6   | 46.1         | 13.9     | 58.7                 | 47.8          | 2.1                    | 488.2 |
|     | Additions            | -   | 8.5          | 8.4      | 0.4                  | -             | _                      | 17.3  |
|     | At December 31, 2017 | 319.6   | 54.6         | 22.3     | 59.1                 | 47.8          | 2.1                    | 505.5 |
|     | AMORTISATION         |   |              |          |                      |               |                        |       |
|     | At January 1, 2017   | -   | -            | -        | 48.2                 | 47.8          | -                      | 96.0  |
|     | Charge for the year  |   | -            | -        | 1.7                  | -             | -                      | 1.7   |
|     | At December 31, 2017 | -   | -            | -        | 49.9                 | 47.8          | -                      | 97.7  |
|     |                      |   |              |          |                      |               |                        |       |
|     | NET BOOK VALUES      |   |              |          |                      |               |                        |       |

<sup>(</sup>c) Amortisation charge of MUR'M 5.7 (2017: MUR'M 1.7) has been charged to other expenses.

<sup>(</sup>d) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including investment properties (note 23(f)).

Year ended December 31, 2018

Level 3

At January 1,

Redemption of shares

INVESTMENT IN SUBSIDIARIES

Transfer to deposit on investments

|      | Transfer to deposit on investments                              | (0.)     | _        |
|------|---|----------|----------|
|      | Disposals   | (7.7)    | -        |
|      | Decrease in fair value  | (105.2)  | (156.4)  |
|      | At December 31,   | 13,344.6 | 13,458.4 |
|      | Details of subsidiaries are set out in note 35.                 |          |          |
| 9.   | INVESTMENT IN ASSOCIATES  | THE G    | ROUP     |
|      |   | 2018     | 2017     |
| (a)  | THE GROUP   | MUR'M    | MUR'M    |
| (i)  | Group's share of net assets                                     | 3,156.4  | 2,946.9  |
|      | Goodwill  | 299.0    | 299.0    |
|      | At December 31,   | 3,455.4  | 3,245.9  |
|      | Details of associates are set out in note 36.                   |          |          |
|      |   |          |          |
|      |   | THE G    | ROUP     |
|      |   | 2018     | 2017     |
|      |   | MUR'M    | MUR'M    |
| (ii) | At January 1,   | 3,245.9  | 3,012.4  |
|      | Transfer from investment in financial assets                    | -        | 56.9     |
|      | Transfer to financial assets through other comprehensive income | (34.3)   | -        |
|      | Transfer to investment in subsidiaries                          | -        | (15.5)   |
|      | Additions   | 10.0     | 199.4    |
|      | Share of profit after tax and minority interest                 | 203.9    | 100.5    |
|      | Impairment of associate   | -        | (58.2)   |
|      | Dividend paid   | (84.2)   | (109.5)  |
|      | Movement on reserves  | 114.1    | 59.9     |
|      | At December 31,   | 3,455.4  | 3,245.9  |
|      |   |          |          |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

THE COMPANY

2017

MUR'M

13,618.2

(3.4)

2018

MUR'M

13,458.4

(0.9)

#### 9. INVESTMENT IN ASSOCIATES (CONT'D)

| (b) | THE COMPANY   | 2018         | 2017           |
|-----|---|--------------|----------------|
|     |   | MUR'M        | MUR'M          |
|     | Level 3   |              |                |
|     | At January 1,   | 1,177.9      | 1,020.4        |
|     | Additions   | 10.0         | 155.9          |
|     | Impairment of associates  | -            | (94.9)         |
|     | Transfer to financial assets                                      | (30.5)       | -              |
|     | (Decrease)/increase in fair value                                 | (126.2)      | 96.5           |
|     | At December 31,   | 1,031.2      | 1,177.9        |
| 10. | FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME |              |                |
|     |   | THE<br>GROUP | THE<br>COMPANY |

|     |   | GROUP | COMPANY |
|-----|---|-------|---------|
| (i) | Equity investments at fair value through other comprehensive income | 2018  | 2018    |
|     |   | MUR'M | MUR'M   |
|     | At January 1  | 378.7 | 393.6   |
|     | Additions   | 75.7  | 75.7    |
|     | Transfer from investments in associates                             | 34.3  | 30.5    |
|     | Change in fair value recognised in OCI                              | 40.6  | 44.6    |
|     | At December 31  | 529.3 | 544.4   |
|     |   |       |         |

| (ii) | Fair value through | other | comprehensive | income | financial | assets | include | the | following |
|------|--------------------|-------|---------------|--------|-----------|--------|---------|-----|-----------|
|------|--------------------|-------|---------------|--------|-----------|--------|---------|-----|-----------|

|   | 2010  | 2010  |
|---|-------|-------|
|   | MUR'M | MUR'M |
| Quoted:                                   |       |       |
| Equity securities - [Mauritius] - Level 1 | 273.9 | 289.4 |
| Unquoted:                                 |       |       |
| Equity securities - [Mauritius] - Level 1 | 95.5  | 95.5  |
| Equity securities - [Mauritius] - Level 3 | 159.9 | 159.5 |
|   | 529.3 | 544.4 |
|   |       |       |

- (iii) Financial assets measured at fair value through other comprehensive income include the Company's/Group's strategic equity investments not held for trading and debt securities held to collect and sell. The Company/Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments. In 2017, the Company/Group had designated the investments as available-for-sale where management intended to hold them for the medium to long-term. See note 10 A.
- (iv) The fair value of quoted securities is based on published market prices. The fair value of the unquoted securities are based on observable market data and at cost.

2018

2018

Year ended December 31, 2018

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

Fair value through other comprehensive income financial assets include the following:

|                     | THE   | THE     |
|---------------------|-------|---------|
|                     | GROUP | COMPANY |
|                     | 2018  | 2018    |
|                     | MUR'M | MUR'M   |
| Quoted:             |       |         |
| Harel Mallac Ltd    | 192.6 | 192.6   |
| United Docks Ltd    | 63.8  | 63.8    |
| SWAN General Ltd    | -     | 15.5    |
| Forges Tardieu Ltd  | 17.5  | 17.5    |
| Unquoted:           |       |         |
| BanyanTree Bank Ltd | 55.6  | 55.6    |
| Inside Equity Fund  | 92.2  | 92.2    |
| Sociétés A-K        | 95.5  | 95.5    |
| Others              | 12.1  | 11.7    |
|                     | 529.3 | 544.4   |

(vi) Fair value through other comprehensive income financial assets are denominated in the following currencies:

|                 | THE   | THE     |
|-----------------|-------|---------|
|                 | GROUP | COMPANY |
|                 | 2018  | 2018    |
|                 | MUR'M | MUR'M   |
| Mauritian rupee | 437.1 | 452.2   |
| USD             | 92.2  | 92.2    |
|                 | 529.3 | 544.4   |

(vii) One of the Company/Group's strategic investments is a 52.8% interest in Inside Equity Fund. This investment is not accounted for using the equity method (as an associate) as the Company/Group does not have the power to participate in the fund's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level and a contractual arrangement which enables the board to take all operational and strategic decisions without consultation with shareholders of the fund.

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

| 10A. FINANCIAL ASSETS AT AMORTISED COST                     | AMORTISED COST THE GROUP |         | THE COMPANY |         |
|---|--------------------------|---------|-------------|---------|
|   | 2018                     |         | 20          | 18      |
| (a)   | MUR'M                    | MUR'M   | MUR'M       | MUR'M   |
|   |                          | Non-    |             | Non-    |
|   | Current                  | current | Current     | current |
| Loans to related parties (see note 39)                      | -                        | 82.2    | 6.0         | 8.0     |
| Other receivables (see note b)                              | 393.7                    | 0.6     | 5.8         | -       |
|   | 393.7                    | 82.8    | 11.8        | 8.0     |
| Less: Loss allowance for debt investments at amortised cost | -                        | -       | -           | -       |
|   | 393.7                    | 82.8    | 11.8        | 8.0     |

#### Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

#### Impairment and risk exposure

The loss allowance for financial assets at amortised cost as at December 31, 2017 reconciles to the opening loss allowance on January 1, 2018 and to the closing loss allowance as at December 31, 2018 as follows:

|  | Related | Other       |       |
|--|---------|-------------|-------|
| THE COMPANY  | parties | receivables | Total |
|  | MUR'M   | MUR'M       | MUR'M |
| Loss allowance at December 31, 2017 (IAS 39)             | -       | -           | -     |
| Amounts restated through opening retained earnings       | 0.1     | -           | 0.1   |
| Loss allowance at January 1, 2018 (IFRS 9)               | 0.1     | -           | 0.1   |
| Allowance recognised in profit or loss during the period | (0.1)   | -           | (0.1) |
| Loss allowance at December 31, 2018                      |         | -           | -     |

The carrying amounts of the financial assets at amortised cost are denominated in the following currencies:

|                  | THE   | THE     |
|------------------|-------|---------|
|                  | GROUP | COMPANY |
|                  | 2018  | 2018    |
|                  | MUR'M | MUR'M   |
| Rupees           | 474.5 | 19.8    |
| US Dolar         | 0.3   | -       |
| Other currencies | 1.7   | -       |
|                  | 476.5 | 19.8    |

There is no exposure to price risk as the investments will be held to maturity.

In 2017, the Company/Group classified the investments as held-to-maturity as they were non-derivative financial assets with fixed or determinable payments and fixed maturities the Company/Group intended to, and was able to, hold them to maturity (see note 10B). The other financial assets at amortised cost were accounted for as receivables in the previous year.

Year ended December 31, 2018

**10B. INVESTMENT IN FINANCIAL ASSETS** 

|     |                                     | Lis                | ted     | _           |        |
|-----|-------------------------------------|--------------------|---------|-------------|--------|
|     | THE GROUP                           | Official<br>Market | DEM     | Unquoted    | Total  |
|     |                                     | MUR'M              | MUR'M   | MUR'M       | MUR'M  |
| (a) | At January 1, 2017                  | 165.3              | 22.2    | 214.6       | 402.1  |
|     | Transfer to associates              | -                  | -       | (46.9)      | (46.9) |
|     | Disposals                           | (5.5)              | -       | -           | (5.5)  |
|     | Impairment                          | -                  | -       | (2.9)       | (2.9)  |
|     | Increase in fair value              | 36.6               | -       | -           | 36.6   |
|     | At December 31, 2017                | 196.4              | 22.2    | 164.8       | 383.4  |
| (b) | Available-for-sale financial assets | Level 1            | Level 2 | Level 3     | Total  |
|     |                                     | MUR'M              | MUR'M   | MUR'M       | MUR'M  |
|     | At December 31, 2017                | 218.6              | 28.1    | 136.7       | 383.4  |
|     |                                     |                    | Availab | le-for-sale |        |
|     |                                     | Lis                | ted     | _           |        |
|     | THE COMPANY                         | Official<br>Market | DEM     | Unquoted    | Total  |
|     |                                     | MUR'M              | MUR'M   | MUR'M       | MUR'M  |
| (c) | At January 1, 2017                  | 178.9              | 22.2    | 158.3       | 359.4  |
|     | Disposals                           | (7.2)              | -       | -           | (7.2)  |
|     | Decrease in fair value              | 51.6               | (2.7)   | (7.5)       | 41.4   |
|     | At December 31, 2017                | 223.3              | 19.5    | 150.8       | 393.6  |
| (d) | Available-for-sale financial assets | Level 1            | Level 2 | Level 3     | Total  |
|     |                                     | MUR'M              | MUR'M   | MUR'M       | MUR'M  |

242.8

87.9

62.9

393.6

Available-for-sale

- (e) Available-for-sale financial assets are denominated in Mauritian Rupee.
- (f) None of the financial assets are impaired.
- (g) There were no transfers between levels.

At December 31, 2017

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

Finance

Commercial

Other investments

#### 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

|                         | Fair value<br>at December | Valuation | Key<br>unobservable | Range of unobservable | Sensiti | vity of the  |
|-------------------------|---------------------------|-----------|---------------------|-----------------------|---------|--------------|
|                         | 31, 2018                  | approach  | inputs              | inputs                |         | o fair value |
|                         | MUR'M                     |           | •                   | •                     | %       | MUR'M        |
| 2018                    |                           |           |                     |                       |         |              |
| Sugar                   | 9,196.9                   | Cost      | N/A                 | -                     |         | -            |
|                         |                           | NAV       | N/A                 | -                     | 0       | -            |
|                         |                           | DCF       | Discount rate       | 10.68%                | 5       | 7.0          |
| Energy                  | 681.0                     | DCF       | Discount rate       | 15.26% - 16.26%       | 5       | 54.0         |
| Property & Construction | 1,235.7                   | Cost      | N/A                 | -                     |         | -            |
| Finance                 | 1,807.1                   | Cost      | N/A                 | -                     |         | -            |
| Commercial              | 1,771.4                   | Cost      | N/A                 | -                     |         | -            |
|                         |                           | P/E ratio | P/E ratio           | 10.41                 | 5       | (6.1)        |
|                         |                           | DCF       | Discount rate       | 9.99% - 14%           | 5       | 109.3        |
| Other investments       | 207.8                     | Cost      | N/A                 | -                     |         | -            |
|                         | Fair value<br>at December | Valuation | Key<br>unobservable | Range of unobservable | Sensiti | vity of the  |
|                         | 31, 2017                  | approach  | inputs              | inputs                |         | fair value   |
|                         | MUR'M                     |           | ·                   | ·                     | %       | MUR'M        |
| <u>2017</u>             |                           |           |                     |                       |         |              |
| Sugar                   | 10,251.4                  | Cost      | N/A                 | -                     |         | -            |
|                         |                           | NAV       | N/A                 | -                     | 0       | -            |
|                         |                           | DCF       | Discount rate       | 9.78%                 | 5       | 29.0         |
| Energy                  | 667.0                     | DCF       | Discount rate       | 13.15% - 15.15%       | 5       | 39.0         |
| Property & Construction | 308.4                     | Cost      | N/A                 | -                     |         | -            |
|                         |                           |           |                     |                       |         |              |

Cost

Cost

P/E ratio

DCF

Cost

N/A

N/A

P/E ratio

Discount rate

N/A

8.41 - 9.4

12.72% - 14%

1,840.4

1,832.0

207.8

(5.8)

110.5

Year ended December 31, 2018

| 12. | NON-CURRENT RECEIVABLES  | THE G | ROUP  | THE COMPANY |         |  |
|-----|--------------------------|-------|-------|-------------|---------|--|
|     |                          | 2018  | 2017  | 2018        | 2017    |  |
|     |                          | MUR'M | MUR'M | MUR'M       | MUR'M   |  |
|     | Others loans             |       | 123.0 |             | 102.1   |  |
| 13. | BEARER BIOLOGICAL ASSETS |       |       | THE G       | ROUP    |  |
|     |                          |       |       | Lev         | Level 2 |  |
|     |                          |       |       | 2018        | 2017    |  |
|     |                          |       |       | MUR'M       | MUR'M   |  |
|     | COST                     |       |       |             |         |  |
|     |                          |       |       |             |         |  |

There is no active market for bearer biological assets which consist of deer farming and cost is considered as fair value.

| 14. LAND DEVELOPMENT EXPENDITURE   | THE C    | THE GROUP |  |  |
|--|----------|-----------|--|--|
|  | 2018     | 2017      |  |  |
|  | MUR'M    | MUR'M     |  |  |
| At January 1,  | 27.4     | 8.6       |  |  |
| Reclassified to non current assets classified as held for sale (note 20)                       | -        | (3.0)     |  |  |
| Reclassified to liabilities directly associated with non current assets classified as held for | r sale - | (6.5)     |  |  |
| Additions  | 58.3     | 28.3      |  |  |
| At December 31,  | 85.7     | 27.4      |  |  |

#### 15. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 5%/17%/25% (2017: 3%/15%/17/25%).

Deferred income tax assets and liabilities are offset when the income taxes relate to the same entity and the same fiscal authority. The following amounts are shown in the statements of financial position:

THE GROUP

|   | IIIL    | ancoor  |
|---|---------|---------|
|   | 2018    | 2017    |
|   | MUR'M   | MUR'M   |
| Deferred tax assets   | (135.2) | (105.1) |
| Deferred tax liabilities  | 234.3   | 196.1   |
|   | 99.1    | 91.0    |
|   | THE G   | ROUP    |
|   | 2018    | 2017    |
|   | MUR'M   | MUR'M   |
| Unused tax losses available for offset against future taxable profits | 813.3   | 551.2   |
|   |         |         |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### 15. DEFERRED INCOME TAXES (CONT'D)

| The movement on the deferred income tax account is as follows: | THE G | ROUP   |
|--|-------|--------|
|  | 2018  | 2017   |
|  | MUR'M | MUR'M  |
| At January 1,  | 78.8  | 117.0  |
| Impact of changes in effective rate (note 43(d))               | 12.2  | 12.6   |
| As restated  | 91.0  | 129.6  |
| Credited to profit or loss (note 26(b))                        | (5.4) | (33.2) |
| Credited to equity   | 13.5  | (5.4)  |
| At December 31,  | 99.1  | 91.0   |

Deferred tax assets and liabilities, deferred tax movement in profit or loss and equity are attributable to the following items:

|                                     | At                 | Effect of changes in |                |                |                      | At<br>December |
|-------------------------------------|--------------------|----------------------|----------------|----------------|----------------------|----------------|
| THE GROUP                           | January 1,<br>2018 | accounting policies  | As<br>restated | Profit or loss | Release to<br>Equity | 31,<br>2018    |
|                                     | MUR'M              | MUR'M                | MUR'M          | MUR'M          | MUR'M                | MUR'M          |
| Deferred income tax liabilities     |                    |                      |                |                |                      |                |
| Accelerated tax depreciation        | 144.4              | 17.4                 | 161.8          | (5.4)          | -                    | 156.4          |
| Asset revaluations                  | 25.8               | 3.8                  | 29.6           | (1.7)          | (1.9)                | 26.0           |
|                                     | 170.2              | 21.2                 | 191.4          | (7.1)          | (1.9)                | 182.4          |
| Deferred income tax assets          |                    |                      |                |                |                      |                |
| Tax losses carried forward          | 5.0                | 0.2                  | 5.2            | -              | (0.1)                | 5.1            |
| Provisions for VRS costs            | 0.2                | 0.1                  | 0.3            | -              | -                    | 0.3            |
| Retirement benefit obligations      | 86.2               | 8.7                  | 94.9           | (1.7)          | (15.3)               | 77.9           |
|                                     | 91.4               | 9.0                  | 100.4          | (1.7)          | (15.4)               | 83.3           |
| Net deferred income tax liabilities | 78.8               | 12.2                 | 91.0           | (5.4)          | 13.5                 | 99.1           |

Year ended December 31, 2018

16. INVENTORIES

At January 1,

At December 31,

Losses from changes in fair value

|     |  | 2018              | 2017              |
|-----|--|-------------------|-------------------|
|     |  | MUR'M             | MUR'M             |
| (a) | Raw materials  | 314.8             | 304.0             |
|     | Finished goods   | 394.2             | 321.4             |
|     | Spare parts and consumables  | 302.0             | 270.0             |
|     |  | 1,011.0           | 895.4             |
| (b) | Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities 23(f)).  The cost of inventories recognised as expense and included in cost of sales are as follows: | s including inver | ntories (see note |
| (-) |  | THE G             | ROUP              |
|     |  | 2018              | 2017              |
|     |  | MUR'M             | MUR'M             |
|     | Cost of inventories consumed   | 3,108.8           | 2,447.7           |
| 17. | CONSUMABLE BIOLOGICAL ASSETS   | THE G             |                   |
|     |  | 2018              | 2017              |
|     |  | MUR'M             | MUR'M             |

The fair value measurements for standing canes have been categorised as level 3 fair values based on the inputs.

At December 31, 2018, standing canes comprised of approximately 4,763 hectares of cane plantations (2017: 4,921 hectares).

During the year, the Group harvested approximately 356,494 tonnes of canes (2017: 424,871 tonnes), which had a fair value less costs to sell of MUR'M 52.9 (2017: MUR'M 98.8) at the date of harvest.

| THE GROUP     | Fair value at<br>December 31,<br>2018 | Key<br>unobservable<br>inputs              | Range of unobservable inputs | , | the input to fair |
|---------------|---------------------------------------|--|------------------------------|---|-------------------|
|               | MUR'M                                 |  |                              | % | MUR'M             |
| <u>2018</u>   |                                       |  |                              |   |                   |
| Standing cane | 52.9                                  | Discount rate                              | 5.25%                        | 1 | 3.6               |
|               |                                       | Price of sugar                             | 8,800                        | 5 | 0.9               |
|               |                                       | Extraction rate                            | 10.5%                        | 1 | 1.8               |
|               |                                       | Estimated cane production in metric tonnes | 380,000                      | 5 | 0.9               |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

THE GROUP

98.8

(45.9)

52.9

214.1

(115.3)

98.8

#### 17. CONSUMABLE BIOLOGICAL ASSETS (CONT'D)

|     | THE GROUP                      | Fair value at<br>December 31,<br>2018 | Key<br>unobservable<br>inputs              | Range of unobservable inputs | Sensitivity of the | he input to fair<br>lue |
|-----|--------------------------------|---------------------------------------|--|------------------------------|--------------------|-------------------------|
|     |                                | MUR'M                                 |  |                              | %                  | MUR'M                   |
|     | <u>2017</u>                    |                                       |  |                              |                    |                         |
|     | Standing cane                  | 98.8                                  | Discount rate                              | 4.4%                         | 1                  | 4.5                     |
|     |                                |                                       | Price of sugar                             | 11,000                       | 5                  | 0.9                     |
|     |                                |                                       | Extraction rate                            | 10.5%                        | 1                  | 1.9                     |
|     |                                |                                       | Estimated cane production in metric tonnes | 390,000                      | 5                  | 1.0                     |
| 18. | TRADE AND OTHER RECEIVABLES    |                                       | THE G                                      | ROUP                         | THE CO             | MPANY                   |
|     |                                |                                       | 2018                                       | 2017                         | 2018               | 2017                    |
|     |                                |                                       | MUR'M                                      | MUR'M                        | MUR'M              | MUR'M                   |
|     | Trade receivables              |                                       | 917.3                                      | 1,149.0                      | -                  | -                       |
|     | Less: provision for impairment |                                       | (26.9)                                     | (15.8)                       | -                  | -                       |
|     | Trade receivables - net        |                                       | 890.4                                      | 1,133.2                      | -                  | -                       |
|     | Sugar proceeds receivable      |                                       | 68.1                                       | 150.0                        | -                  | -                       |
|     | Molasses proceeds receivable   |                                       | 8.5  | 13.3                         | -                  | -                       |
|     | Bagasse proceeds receivable    |                                       | 35.3                                       | 5.0                          | -                  | -                       |
|     | Other receivables              |                                       | _  | 323.8                        | -                  | 106.4                   |
|     |                                |                                       | 1,002.3                                    | 1,625.3                      |                    | 106.4                   |

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

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

|                  | THE G   | THE GROUP |       | MPANY |
|------------------|---------|-----------|-------|-------|
|                  | 2018    | 2017      | 2018  | 2017  |
|                  | MUR'M   | MUR'M     | MUR'M | MUR'M |
| Rupee            | 832.0   | 1,376.1   | -     | 106.4 |
| US Dollar        | 9.7     | 21.8      | -     | -     |
| Euro             | 41.1    | 160.6     | -     | -     |
| Other currencies | 119.5   | 66.8      | -     | -     |
|                  | 1,002.3 | 1,625.3   | -     | 106.4 |
|                  |         |           |       |       |

#### (i) Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Year ended December 31, 2018

#### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (i) Impairment of trade receivables (Cont'd)

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31, 2018 and January 1, 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

|  | Current | More than<br>30 days<br>past due | More than<br>60 days<br>past due | More than<br>120 days<br>past due | Total   |
|--|---------|----------------------------------|----------------------------------|-----------------------------------|---------|
| At December 31, 2018                     | MUR'M   | MUR'M                            | MUR'M                            | MUR'M                             | MUR'M   |
| Expected loss rate                       | 3%      | 3%                               | 12%                              | 76%                               | 3%      |
| Gross carrying amount - trade receivable | 908.3   | 3.9                              | 1.7                              | 3.4                               | 917.3   |
| Loss allowance                           | 24.0    | 0.1                              | 0.2                              | 2.6                               | 26.9    |
|  | Current | More than<br>30 days<br>past due | More than<br>60 days<br>past due | More than<br>120 days<br>past due | Total   |
| At January 1, 2018                       | MUR'M   | MUR'M                            | MUR'M                            | MUR'M                             | MUR'M   |
| Expected loss rate                       | 3%      | 1%                               | 14%                              | 94%                               | 3%      |
| Gross carrying amount - trade receivable | 1,136.5 | 7.8                              | 1.4                              | 3.3                               | 1,149.0 |
| Loss allowance                           | 32.3    | 0.1                              | 0.2                              | 3.1                               | 35.7    |

The closing loss allowances for trade receivables as at December 31, 2018 reconcile to the opening loss allowances as follows:

|   | Trade receivables |      |
|---|-------------------|------|
|   | 2018              | 2017 |
|   | Rs.               | Rs.  |
| At December 31 (IAS 39)                                     | 15.8              | 10.6 |
| Amounts restated through opening retained earnings          | 19.9              | -    |
| Loss allowance as at January 1, 2018 (IFRS 9)               | 35.7              | 10.6 |
| Loss allowance recognised in profit or loss during the year | (8.8)             | -    |
| Provision   | -                 | 5.2  |
| At December 31, 2018  | 26.9              | 15.8 |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

(a)

#### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

#### i) Impairment of trade receivables (Cont'd)

In 2017, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

- (ii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group/Company does not hold any collateral as security.
- (iii) In 2017, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Group/Company would not be able to collect all amounts due according to the original terms of receivables.

| 19. | DERIVATIVE FINANCIAL INSTRUMENTS |       | Contractual/<br>Nominal amount |       |       |  |  |
|-----|----------------------------------|-------|--------------------------------|-------|-------|--|--|
|     | THE GROUP                        | 2018  | 2017                           | 2018  | 2017  |  |  |
|     |                                  | MUR'M | MUR'M                          | MUR'M | MUR'M |  |  |
|     | Currency swaps                   | 146.0 | 117.1                          | -     | (0.3) |  |  |

Currency swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies.

| 0. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE        | THE G  | THE GROUP |  |  |
|--|--------|-----------|--|--|
|  | 2018   | 2017      |  |  |
|  | MUR'M  | MUR'M     |  |  |
| At January 1,  | 46.6   | 122.9     |  |  |
| Expenditure incurred during the year                     | 1.8    | 28.6      |  |  |
| Reclassified from land development expenditure (note 14) | -      | 3.0       |  |  |
| Release to profit or loss on disposal                    | (19.6) | (107.9)   |  |  |
| At December 31,  | 28.8   | 46.6      |  |  |

Non-current assets held for sale consist of plots of land and their related development costs, available for sale under the "1200 Ap" scheme and VRS financing scheme for residential purpose.

Year ended December 31, 2018

#### 20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

|     |   |    | THE GROUP    |          |  |
|-----|---|----|--------------|----------|--|
|     |   |    | 2018         | 2017     |  |
|     |   |    | MUR'M        | MUR'M    |  |
| (b) | Liabilities directly associated with non-current assets held-for-sale |    |              |          |  |
|     | Accruals and provisions   |    | 33.3         | 7.4      |  |
|     |   |    |              |          |  |
| 21. | STATED CAPITAL  |    | THE GROUP AN |          |  |
|     |   |    | THE COM      | 4PANY    |  |
|     |   |    | 2017 &       | 2018     |  |
|     |   | No | of shares    | MUR'M    |  |
|     | Issued and fully paid   |    | (M)          |          |  |
|     | Ordinary shares   |    |              |          |  |
|     | At December 31,   |    | 227.5        | 11,976.0 |  |

The total issued number of ordinary shares of Terra Mauricia Ltd is 227,545,624 shares of no par value (2017: 227,545,624 shares). All issued shares are fully paid.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### 22. REVALUATION AND OTHER RESERVES

|      | THE GROUP - Restated  | Associates<br>Reserves<br>MUR'M | Revaluation<br>and Other<br>Capital<br>Reserves<br>MUR'M | Actuarial<br>Losses<br>MUR'M | Translation<br>Reserve<br>MUR'M | Financial<br>Assets at<br>FVOCI<br>Reserve<br>MUR'M | Total<br>MUR'M |
|------|---|---------------------------------|--|------------------------------|---------------------------------|---|----------------|
| (i)  | A+ January 1 2019   | MURM                            | MURM   | MORM                         | MURM                            | MURM  | MURM           |
| (1)  | At January 1, 2018  | 6.3                             | 960.5  | (266.5)                      | (2.0)                           | (220.1)   | 358.2          |
|      | -As previously reported   | 0.3                             | 900.3  | (266.5)                      | (3.0)                           | (339.1)   |                |
|      | -Effect of changes in effective tax rate                              | - (2                            | -  | (6.3)                        | - (2.0)                         | (220.1)   | (6.3)          |
|      | - as restated   | 6.3                             | 960.5  | (272.8)                      | (3.0)                           | (339.1)   | 351.9          |
|      | Revaluation of land and buildings                                     | -                               | 372.1  | -                            | -                               | -   | 372.1          |
|      | Remeasurements of post employment benefit obligations                 | -                               | -  | 78.4                         | -                               | -   | 78.4           |
|      | Release to retained earnings  | -                               | -  | -                            | -                               | 20.7  | 20.7           |
|      | Increase in fair value of financial assets                            | -                               | -  | -                            | -                               | 40.6  | 40.6           |
|      | Transfer to investment in subsidiaries                                | -                               | -  | -                            | 14.6                            | -   | 14.6           |
|      | Share of other comprehensive income of associates                     | 79.8                            | -  | _                            | _                               | -   | 79.8           |
|      | Movements on reserves   | 42.1                            | _  | _                            | _                               | _   | 42.1           |
|      | At December 31, 2018  | 128.2                           | 1,332.6  | (194.4)                      | 11.6                            | (277.8)   | 1,000.2        |
|      | -   |                                 | <i>y</i>   | ( 1 )                        |                                 | ( )   | ,              |
| (ii) | At January 1, 2017  | (38.3)                          | 935.8  | (237.1)                      | 14.1                            | (375.7)   | 298.8          |
|      | Decrease in fair value of available-for-<br>sale financial assets     | -                               | -  | -                            | -                               | 34.5  | 34.5           |
|      | Remeasurements of post employment benefit obligations                 | -                               | -  | (35.9)                       | -                               | -   | (35.9)         |
|      | Deferred tax on remeasurements of post employment benefit obligations | _                               | -  | 0.2                          | _                               | -   | 0.2            |
|      | Release upon disposal of investments                                  | -                               | -  | -                            | -                               | 2.1   | 2.1            |
|      | Release of deferred tax on excess depreciation over historical cost   |                                 |  |                              |                                 |   |                |
|      | depreciation  | -                               | 1.0  | -                            | -                               | -   | 1.0            |
|      | Transfer to investment in subsidiaries                                | (15.3)                          | 15.3   | -                            | -                               | -   | -              |
|      | Translation reserve movement  | -                               | -  | -                            | (17.1)                          | -   | (17.1)         |
|      | Share of other comprehensive income of associates                     | 59.9                            | -  | -                            | -                               | -   | 59.9           |
|      | Movements on reserves   | -                               | 8.4  | -                            | -                               | -   | 8.4            |
|      | At December 31, 2017  | 6.3                             | 960.5  | (272.8)                      | (3.0)                           | (339.1)   | 351.9          |

Year ended December 31, 2018

#### 22. REVALUATION AND OTHER RESERVES (CONT'D)

#### Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments that has been recognised in other comprehensive income until the investments are derecognised.

#### Translation reserve

The translation reserve consists of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions that have not yet occurred and of the foreign currency differences arising from the translation of the financial statements of foreign operations.

#### Amalgamation reserve

Amalgamation reserve represents the excess of assets over liabilities and reserves of subsidiaries following amalgamation.

#### Revaluation reserve

The revaluation surplus relates to the revaluation of property, plant and equipment.

#### Actuarial losses

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

| 23. | BORROWINGS                 | THE GROUP |         | THE GROUP THE COMPANY |       | MPANY |
|-----|----------------------------|-----------|---------|-----------------------|-------|-------|
|     |                            | 2018      | 2017    | 2018                  | 2017  |       |
|     |                            | MUR'M     | MUR'M   | MUR'M                 | MUR'M |       |
|     | Non-current                |           |         |                       |       |       |
|     | Bank loans                 | 232.1     | 346.3   | -                     | -     |       |
|     | Loans from related parties | 10.5      | -       | -                     | -     |       |
|     | Finance lease liabilities  | 0.8       | 6.7     | -                     | -     |       |
|     | Total non-current          | 243.4     | 353.0   | -                     | -     |       |
|     | Current                    |           |         |                       |       |       |
|     | Bank overdrafts            | 31.1      | 123.2   | 6.3                   | 13.2  |       |
|     | Bank loans                 | 2,425.1   | 2,211.9 | -                     | -     |       |
|     | Loans from related parties | -         | -       | 521.0                 | 616.2 |       |
|     | Finance lease liabilities  | 5.5       | 10.1    | -                     | -     |       |
|     |                            | 2,430.6   | 2,222.0 | 521.0                 | 616.2 |       |
|     | Total current              | 2,461.7   | 2,345.2 | 527.3                 | 629.4 |       |
|     | Total borrowings           | 2,705.1   | 2,698.2 | 527.3                 | 629.4 |       |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

| 23. | BORROWINGS (CONT'D)             | THE G     | THE GROUP |         | MPANY   |
|-----|---------------------------------|-----------|-----------|---------|---------|
|     |                                 | 2018      | 2017      | 2018    | 2017    |
|     |                                 | MUR'M     | MUR'M     | MUR'M   | MUR'M   |
| (a) | Breakdown of loans              |           |           |         |         |
|     | Loan in EUR                     | 275.5     | 318.1     | -       | -       |
|     | Bank loan                       | 245.0     | 165.5     | -       | -       |
|     | Other loans                     | 2,136.7   | 2,074.6   | 521.0   | 616.2   |
|     |                                 | 2,657.2   | 2,558.2   | 521.0   | 616.2   |
|     | Less: Repayable within one year | (2,425.1) | (2,211.9) | (521.0) | (616.2) |
|     | Repayable after one year        | 232.1     | 346.3     | -       | -       |

| b) The maturity of non-current loans is as follows: | THE G | THE GROUP |  |  |
|---|-------|-----------|--|--|
|   | 2018  | 2017      |  |  |
|   | MUR'M | MUR'M     |  |  |
| - after one year and before two years               | 48.4  | 60.5      |  |  |
| - after two years and before three years            | 45.9  | 191.5     |  |  |
| - after three years and before five years           | 137.8 | 94.3      |  |  |
|   | 232.1 | 346.3     |  |  |

|     |  | 232.1     | 346.3 |  |
|-----|--|-----------|-------|--|
| (c) | Finance lease liabilities - minimum lease payments                         | THE GROUP |       |  |
|     | • •  | 2018      | 2017  |  |
|     |  | MUR'M     | MUR'M |  |
|     | Not later than one year  | 5.7       | 10.6  |  |
|     | After 1 year and before 2 years  | 0.4       | 5.9   |  |
|     | After 2 years and before 3 years   | 0.4       | 1.0   |  |
|     |  | 6.5       | 17.5  |  |
|     | Future finance charges   | (0.2)     | (0.7) |  |
|     | Present value of finance lease liabilities                                 | 6.3       | 16.8  |  |
|     | The present value of finance lease liabilities may be analysed as follows: | 2018      | 2017  |  |
|     |  | MUR'M     | MUR'M |  |
|     | Current  |           |       |  |
|     | Not later than one year  | 5.5       | 10.1  |  |
|     | Non Current  |           |       |  |
|     | After 1 year and before 2 years  | 0.4       | 5.8   |  |
|     | After 2 years and before 3 years   | 0.4       | 0.9   |  |
|     |  | 0.8       | 6.7   |  |

The rate of interest on the finance leases varies between 2.75% - 7.0% (2017: 2.75% - 8.15%) during the year.

Year ended December 31, 2018

#### 23. BORROWINGS (CONT'D)

(d) The carrying amounts of non-current borrowings are not materially different from the fair value.

| Non-current borrowings can be analysed as follows: | THE G | ROUP  |
|--|-------|-------|
|  | 2018  | 2017  |
|  | MUR'M | MUR'M |
| - After one year and before two years              |       |       |
| Bank borrowings                                    | 48.4  | 60.5  |
| Finance lease liabilities                          | 0.4   | 5.8   |
|  | 48.8  | 66.3  |
| - After two years and before three years           |       |       |
| Bank borrowings                                    | 45.9  | 191.5 |
| Finance lease liabilities                          | 0.4   | 0.9   |
|  | 46.3  | 192.4 |
| - After three years and before five years          |       |       |
| Bank borrowings                                    | 137.8 | 94.3  |
| Loans from related parties                         | 10.5  | -     |
|  | 148.3 | 94.3  |
| Total  | 243.4 | 353.0 |

- (e) The rates of interest on MUR loans and other short term loans vary from 1% to 6.25% (2017: 1.85% to 6.25%) annually and on foreign currency loans EUR Euribor 3 months +2.8% (2017: Libor 1 month + 4.25%) annually.
- (f) Borrowings are secured by fixed and floating charges on the assets of the borrowing entities.

| RETIREMENT BENEFIT OBLIGATIONS                            | THE    | GROUP |
|---|--------|-------|
|   | 2018   | 2017  |
|   | MUR'M  | MUR'M |
| Amount recognised in the statement of financial position: |        |       |
| Defined pension benefits                                  | 566.7  | 645.9 |
| Other post retirement benefits                            | 13.7   | 13.7  |
|   | 580.4  | 659.6 |
| Amount charged to profit or loss:                         |        |       |
| - Defined pension benefits                                | 63.5   | 64.1  |
| - Other post retirement benefits                          | 0.1    | 1.0   |
| - Defined contribution plan                               | 0.9    | 0.7   |
|   | 64.5   | 65.8  |
| Amount charged to other comprehensive income              |        |       |
| - Defined pension benefits                                | (67.7) | 30.5  |
| - Other post retirement benefits                          | (0.2)  | 1.6   |
|   | (67.9) | 32.1  |
|   |        |       |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### 24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### a) Defined pension benefits

(iii)

Retirement benefit obligations comprise of the Company's pension schemes and of other post-retirement benefits. The pension schemes are defined benefit plans based on final salary and the assets of the plans are invested with the Sugar Insurance Pension Fund (SIPF) and a pension arrangement with Swan Life Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2018 by Swan Life Ltd. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

| (ii) | The amounts recognised in the statement of financial position are as follows: | THE G   | ROUP    |
|------|---|---------|---------|
|      |   | 2018    | 2017    |
|      |   | MUR'M   | MUR'M   |
|      | Present value of funded obligations   | 1,016.8 | 1,088.4 |
|      | Fair value of plan assets   | (641.0) | (614.3) |
|      |   | 375.8   | 474.1   |
|      | Present value of unfunded obligations   | 190.9   | 171.8   |
|      | Liability in the statement of financial position                              | 566.7   | 645.9   |

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

|  | THEG   | ROUP   |
|--|--------|--------|
|  | 2018   | 2017   |
|  | MUR'M  | MUR'M  |
| At January 1,                                    | 645.9  | 586.2  |
| Charged to profit or loss                        | 63.5   | 64.1   |
| (Credited)/charged to other comprehensive income | (67.7) | 30.5   |
| Employer's contributions                         | (59.8) | (34.9) |
| Fair value adjustment on plan assets             | (15.2) | -      |
| At December 31,                                  | 566.7  | 645.9  |
|  |        |        |

| The movement in the defined benefit obligation over the year is as follows: | THE G   | THE GROUP |  |  |
|---|---------|-----------|--|--|
|   | 2018    | 2017      |  |  |
|   | MUR'M   | MUR'M     |  |  |
| At January 1,   | 1,260.2 | 1,200.1   |  |  |
| Current service cost  | 29.5    | 27.1      |  |  |
| Interest cost   | 61.1    | 71.3      |  |  |
| Employee's contribution   | 2.0     | 1.9       |  |  |
| Actuarial (gains)/losses  | (69.7)  | 57.7      |  |  |
| Benefits paid   | (75.4)  | (97.9)    |  |  |
| At December 31.   | 1,207.7 | 1,260.2   |  |  |

24.

Year ended December 31, 2018

#### 24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

#### (a) Defined pension benefits (Cont'd)

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|      |  | 2018   | 2017   |
|------|--|--------|--------|
|      |  | MUR'M  | MUR'M  |
|      | At January 1,  | 614.3  | 617.0  |
|      | Interest income  | 30.5   | 35.1   |
|      | Actuarial (gains)/losses   | (2.2)  | 18.6   |
|      | Employers' contributions   | 59.8   | 40.3   |
|      | Employee contributions   | 2.0    | 1.9    |
|      | Scheme expenses  | (2.3)  | (1.2)  |
|      | Benefits paid  | (75.4) | (97.9) |
|      | Cost of insuring risk benefits                                       | (0.9)  | 0.5    |
|      | Fair value adjustment on plan assets                                 | 15.2   | -      |
|      | At December 31,  | 641.0  | 614.3  |
|      |  |        |        |
| (v)  | The amount recognised in profit or loss are as follows:              | THE G  |        |
|      |  | 2018   | 2017   |
|      |  | MUR'M  | MUR'M  |
|      | Current service cost   | 29.5   | 27.1   |
|      | Scheme expense   | 2.3    | 1.2    |
|      | Cost of insuring risk benefits                                       | 0.9    | 2.2    |
|      | Interest expense   | 30.8   | 36.2   |
|      | Contributions by employer  |        | (2.6)  |
|      | Total included in employee benefit expense                           | 63.5   | 64.1   |
| (vi) | The amounts recognised in other comprehensive income are as follows: | THE G  | ROUP   |
|      |  | 2018   | 2017   |
|      | Remeasurement on the net defined benefit liability:                  | MUR'M  | MUR'M  |
|      | Losses/(gains) on pension scheme assets                              | 2.2    | 18.6   |
|      | Experience (losses)/gains on the liabilities                         | (10.6) | (30.7) |
|      | Changes in assumption underlying the present value of the scheme     | (59.3) | 42.6   |
|      | Actuarial (gains)/losses recognised in OCI                           | (67.7) | 30.5   |
|      |  |        |        |

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

|                               | THE G | ROUP  |
|-------------------------------|-------|-------|
|                               | 2018  | 2017  |
|                               | MUR'M | MUR'M |
| Local equities                | 136.6 | 115.2 |
| Overseas equities             | 183.6 | 139.4 |
| Fixed interest and properties | 260.6 | 290.5 |
| Qualifying insurance policies | 60.2  | 69.2  |
| Total market value of assets  | 641.0 | 614.3 |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

#### 24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (a) Defined pension benefits (Cont'd)

THE GROUP

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

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

The company's ordinary shares are not included in the pension plan assets.

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

|      |   | 2018      | 2017        |
|------|---|-----------|-------------|
|      | Discount rate   | 5.5%-6.1% | 5.0%        |
|      | Future salary growth rate   | 3%-4%     | 3.5% - 3.6% |
|      | Future pension growth rate  | 0.0%      | 1.0%        |
| (ix) | Sensitivity analysis on defined benefit obligations at end of the reporting date: | 2018      | 2017        |
|      |   | MUR'M     | MUR'M       |
|      | Decrease due to a 1% increase in discount rate                                    | 115.8     | 53.7        |
|      | Increase due to a 1% increase in future salary growth rate                        | 52.5      | 116.4       |

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

- (x) The defined benefit pension plan exposes the company to actuarial risks, such as longevity risks, currency risk, interest rate risk and market risk.
- (xi) The funding requirement are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xii) The Group is expected to contribute MUR'M 28.5 to the pension scheme for the year ending December 31, 2019.
- (xiii) The actual return of the total assets for the year 2018 is MUR'M 27.2 (2017: MUR'M 53.2).
- (xiv) The weighted average duration of the defined benefit obligation is 8.5 years at the end of the reporting period.

THE GROUP

Year ended December 31, 2018

#### 24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (a) Defined pension benefits (Cont'd)

- (xv) Risks Associated with the Pension promise/Obligation The Pension promise expose the Group to actuarial risks such as longevity risk, interest rate risk, market (investment) risk, and salary risk.
  - i. longevity risk The liabilities disclosed are based on the mortality tables PA(92) for post-retirement mortality. Should the experience be less favorable than the standard mortality tables, the liabilities will increase.
  - ii. interest rate risk If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.
  - iii. investment risk The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.
  - iv. salary risk If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

#### (b) Other post retirement benefits

Other post-retirement benefits relate mainly to gratuities on death and on retirement that are based on length of service and salary at date of death or retirement.

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

| Movement in the other post retirement benefits |       | ROUP  |
|--|-------|-------|
|  | 2018  | 2017  |
|  | MUR'M | MUR'M |
| At January 1,                                  | 13.7  | 11.1  |
| Charged to profit or loss                      | -     | 1.6   |
| Charged to other comprehensive income          | -     | 1.0   |
| At December 31,                                | 13.7  | 13.7  |

It has been assumed that the rate of future salary increases will be equal to the discount rate.

| 25. | TRADE AND OTHER PAYABLES                               | THE G   | ROUP  | THE CO | MPANY |
|-----|--|---------|-------|--------|-------|
|     |  | 2018    | 2017  | 2018   | 2017  |
|     |  | MUR'M   | MUR'M | MUR'M  | MUR'M |
|     | Trade creditors  | 637.1   | 471.3 | 0.1    | -     |
|     | Provision for compensation payments for centralisation |         |       |        |       |
|     | in accordance with the Blue Print provisions           | 54.1    | 71.2  | -      | -     |
|     | Provision for VRS costs                                | -       | 0.2   | -      | -     |
|     | Amounts due to subsidiaries                            | -       | -     | 1.1    | 0.7   |
|     | Other payables and accruals                            | 377.8   | 298.8 | 20.1   | 4.4   |
|     |  | 1,069.0 | 841.5 | 21.3   | 5.1   |

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

Deferred taxation (note 15)

Charge for the year

| 26. | TAXATION  | THE G  | ROUP   | THE CO | MPANY |
|-----|---|--------|--------|--------|-------|
|     |   | 2018   | 2017   | 2018   | 2017  |
|     |   | MUR'M  | MUR'M  | MUR'M  | MUR'M |
| (a) | Liability in the statements of financial position |        |        |        |       |
|     | At January 1,                                     | 20.6   | 29.9   | 0.7    | -     |
|     | Additions through business combinations           | -      | 1.2    | -      | -     |
|     | Over provision in previous years                  | (0.1)  | (6.9)  | (1.4)  | -     |
|     | Consolidation adjustment                          | -      | 4.2    | -      | -     |
|     | Tax paid on account                               | (20.5) | (34.9) | -      | -     |
|     |   | -      | (6.5)  | (0.7)  | -     |
|     | Current tax on the adjusted profits for the year  |        |        |        |       |
|     | @ 3%/15%/25%/30% (2017: 3%/15%/25%/30%)           | 61.8   | 54.2   | 0.5    | 0.7   |
|     | Tax paid  | (33.5) | (27.1) | -      | -     |
|     | At December 31,                                   | 28.3   | 20.6   | (0.2)  | 0.7   |
|     |   | THE G  | ROUP   | THE CO | MPANY |
|     |   | 2018   | 2017   | 2018   | 2017  |
| (b) | Charge in profit or loss                          | MUR'M  | MUR'M  | MUR'M  | MUR'M |
|     | Current tax on the adjusted profits for           |        |        |        |       |
|     | the year at 3%/15%/25%/30% (2017: 15%/30%)        | 61.8   | 56.0   | -      | 0.7   |
|     | Overprovision in previous years                   | (0.1)  | (7.6)  | (0.5)  | -     |

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

(5.4)

56.3

(33.2)

15.2

(0.5)

|   | THE GROUP |        | THE COMPAN |        |
|---|-----------|--------|------------|--------|
|   | 2018      | 2017   | 2018       | 2017   |
|   | MUR'M     | MUR'M  | MUR'M      | MUR'M  |
| Profit before taxation                                    | 289.8     | 260.6  | 196.7      | 170.0  |
| Tax calculated at a rate of 3%/15%/25%/30%                |           |        |            |        |
| (2017: 3%/15%/25%/30%)                                    | 48.3      | 91.0   | 29.5       | 25.5   |
| Income not subject to tax                                 | (42.4)    | (55.0) | (36.0)     | (45.3) |
| Expenses not deductible for tax purposes                  | 5.1       | 16.3   | 6.5        | 20.5   |
| Overprovision in previous years                           | (0.1)     | (7.6)  | (0.5)      | -      |
| Tax adjustments relating to prior years                   | -         | 2.1    | -          | -      |
| Effect on changes in tax rate in deferred tax liabilities | 45.4      | (31.6) | -          | -      |
|   | 56.3      | 15.2   | (0.5)      | 0.7    |

THE GROUP

2017

2018

THE COMPANY

2017

2018

Year ended December 31, 2018

27. OTHER INCOME

|     |  |         | 2017      |        |        |
|-----|--|---------|-----------|--------|--------|
|     |  | MUR'M   | MUR'M     | MUR'M  | MUR'M  |
|     | Interest income                                      | 11.6    | 11.4      | 0.2    | 1.9    |
|     | Dividend income                                      | 5.2     | 28.3      | -      | -      |
|     | Investment income                                    | 16.8    | 39.7      | 0.2    | 1.9    |
|     | Profit on disposal of property, plant and equipment/ |         |           |        |        |
|     | non-current assets held for sale                     | 245.8   | 167.8     | -      | -      |
|     | Others   | 139.6   | 80.3      | -      | -      |
|     |  | 402.2   | 287.8     | 0.2    | 1.9    |
|     |  |         |           |        |        |
| 28. | PROFIT BEFORE FINANCE COSTS                          | THE G   | ROUP      | THE CO | MPANY  |
|     |  | 2018    | 2017      | 2018   | 2017   |
|     |  | MUR'M   | MUR'M     | MUR'M  | MUR'M  |
|     | The profit before finance costs is arrived at after: |         | 7 10117 1 |        | 710111 |
|     | Crediting:   |         |           |        |        |
|     | Rental of land and buildings                         | 140.6   | 128.3     | _      | _      |
|     | Profit on sale of property, plant and equipment/     | 140.0   | 120.5     |        |        |
|     | non-current assets held for sale                     | 245.8   | 167.8     | _      | _      |
|     | Profit on sale of investment                         | 6.0     | 107.0     |        |        |
|     | and charging:  | 0.0     |           |        |        |
|     | Depreciation on property, plant and equipment        |         |           |        |        |
|     | - owned assets                                       | 368.9   | 367.6     | _      | _      |
|     | - leased assets                                      | 4.5     | 3.4       | _      | _      |
|     | Depreciation on investment properties                | 6.5     | 6.0       | -      | -      |
|     | Amortisation of intangible assets                    | 5.7     | 1.7       | -      | -      |
|     | Loss on sale of investments                          | 3.7     | 4.8       | -      | -      |
|     | Employee benefit expense (note 28(a))                | 842.4   | 922.7     |        |        |
|     | Employee benefit expense (note 26(a))                | 042.4   | 722.1     |        |        |
| (a) | Employee benefit expense                             |         |           | THE C  | ROUP   |
| (a) | Employee beliefft expense                            |         |           | 2018   | 2017   |
|     |  |         |           | MUR'M  | MUR'M  |
|     | Wages, salaries and other costs                      |         |           | 778.9  | 855.8  |
|     | Pension costs  |         |           | 63.5   | 66.9   |
|     | Pelision costs                                       |         |           | 842.4  | 922.7  |
|     |  |         |           | 042.4  | 922.1  |
| 29. | EXPENSE BY NATURE                                    | THE C   | ROUP      | THE CO | MPANY  |
| 23. | EXPENSE BY NATORE                                    | 2018    | 2017      | 2018   | 2017   |
|     |  | MUR'M   | MUR'M     | MUR'M  | MUR'M  |
|     | Depreciation and amortisation                        | 385.6   | 378.7     | -      | -      |
|     | Raw materials and consumables used                   | 3,108.8 | 2,447.7   | _      | _      |
|     | Employee benefit expense                             | 842.4   | 922.7     | _      | _      |
|     | Cultivation and irrigation expenses                  | 329.0   | 297.0     | -      | -      |
|     | Others   | 623.7   | 962.2     | 15.9   | 21.9   |
|     | Total cost of sales, administrative expenses,        | 043.7   | 902.2     | 13.7   | 21.9   |
|     | distribution costs and other expenses                | 5,289.5 | 5 000 2   | 15.9   | 21.9   |
|     | distribution costs and other expenses                | 3,409.3 | 5,008.3   | 13.9   | 21.9   |
|     |  |         |           |        |        |
|     |  |         |           |        |        |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

| D. FINANCE COSTS                           |  | THE GROUP  |              | THE COMPANY  |   |  |
|--|--|--|--------------|--|---|--|
|  | -  | 2018   | 2017         | 2018   | 2017  |  |
|  | _  | MUR'M  | MUR'M        | MUR'M  | MUR'M   |  |
| Net foreign exchange gain                  | -  | (10.3)   | (1.1)        | -  | -   |  |
| Interest expense:                          |  |  |              |  |   |  |
| - Bank overdrafts                          |  | 1.5  | 1.2          | -  | -   |  |
| - Loans repayable by instalments           |  | 14.7   | 13.4         | -  | -   |  |
| - Other loans not repayable by instalments | _  | 91.7   | 86.9         | 31.7   | 17.1  |  |
|  | _  | 107.9  | 101.5        | 31.7   | 17.1  |  |
| Total                                      | _  | 97.6   | 100.4        | 31.7   | 17.1  |  |
|  |  |  |              |  |   |  |
| EARNINGS PER SHARE                         |  | THE G  | ROUP         | THE COMPANY  |   |  |
|  |  | 2018   | 2017         | 2018   | 2017  |  |
|  |  | MUR'M  | MUR'M        | MUR'M  | MUR'M   |  |
| Profit attributable to equityholders       | _  | 121.5  | 85.5         | 197.2  | 169.3   |  |
| Number of ordinary shares in issue         | _  | 227.5  | 227.5        | 227.5  | 227.5   |  |
| Basic earnings per share                   | MUR <sub>=</sub>   | 0.53   | 0.38         | 0.87   | 0.74  |  |
| DIVIDENDS                                  |  | THE GROUP  |              | THE COMPANY  |   |  |
|  |  | 2018   | 2017         | 2018   | 2017  |  |
|  |  | MUR'M  | MUR'M        | MUR'M  | MUR'M   |  |
| At January 1,                              |  | -  | -            | -  | -   |  |
| · · · · · · · · · · · · · · · · · · ·      |  |  |              |  |   |  |
|  |  |  |              |  | 193.4   |  |
|  | _  | (193.4)  |              | (193.4)  | (193.4)   |  |
| At December 31,                            | =  | -  | -            | -  | -   |  |
|  | Net foreign exchange gain  Interest expense: - Bank overdrafts - Loans repayable by instalments - Other loans not repayable by instalments  Total  EARNINGS PER SHARE  Profit attributable to equityholders  Number of ordinary shares in issue  Basic earnings per share  DIVIDENDS | Net foreign exchange gain  Interest expense: - Bank overdrafts - Loans repayable by instalments - Other loans not repayable by instalments  Total  EARNINGS PER SHARE  Profit attributable to equityholders  Number of ordinary shares in issue  Basic earnings per share  DIVIDENDS  At January 1, Final ordinary declared - 85 cents per share (2017: 85 cents) Dividends paid during the year | 2018   MUR'M | Z018 MUR'M         Z017 MUR'M           MUR'M         MUR'M           Net foreign exchange gain         (10.3)         (1.1)           Interest expense: | Net foreign exchange gain         (10.3)         (1.1)         -           Interest expense:         -           - Bank overdrafts         1.5         1.2         -           - Loans repayable by instalments         14.7         13.4         -           - Other loans not repayable by instalments         91.7         86.9         31.7           Total         97.6         100.4         31.7           Total         7HE GNUP         THE CO           2018         2017         2018           MUR'M         MUR'M         MUR'M           MUR'M         MUR'M         MUR'M           MUR'M         MUR'M         MUR'M           Number of ordinary shares in issue         227.5         227.5         227.5           Basic earnings per share         MUR         0.53         0.38         0.87           DIVIDENDS         THE GNUP         THE CO           2018         2017         2018           MUR'M         MUR'M         MUR'M           At January 1,         -         -         -           Final ordinary declared - 85 cents per share (2017: 85 cents)         193.4         193.4         193.4           Dividends paid during the year |  |

### 33. NOTES TO STATEMENT OF CASH FLOWS

### (a) Reconciliation of liabilities arising from financing activities

|   |                          |               | THE GROUP   |                                 |                               |
|---|--------------------------|---------------|-------------|---------------------------------|-------------------------------|
|   |                          |               | Non-cash    |                                 |                               |
|   | At<br>January 1,<br>2018 | Cash<br>flows | Acquisition | Foreign<br>exchange<br>movement | At<br>December<br>31,<br>2018 |
|   | MUR'M                    | MUR'M         | MUR'M       | MUR'M                           | MUR'M                         |
| Long-term borrowings                        | 2,558.2                  | (557.2)       | 656.2       | -                               | 2,657.2                       |
| Lease liabilities                           | 16.8                     | (10.5)        | -           | -                               | 6.3                           |
| Total liabilities from financing activities | 2,575.0                  | (567.7)       | 656.2       | -                               | 2,663.5                       |

Year ended December 31, 2018

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

| (b) | Cash and cash equivalents | THE G  | ROUP    | THE COMPANY |        |  |
|-----|---------------------------|--------|---------|-------------|--------|--|
|     |                           | 2018   | 2017    | 2018        | 2017   |  |
|     |                           | MUR'M  | MUR'M   | MUR'M       | MUR'M  |  |
|     | Cash in hand and at bank  | 387.6  | 174.8   | 49.4        | 21.1   |  |
|     | Bank overdrafts           | (31.1) | (123.2) | (6.3)       | (13.2) |  |
|     |                           | 356.5  | 51.6    | 43.1        | 7.9    |  |

### 34. BUSINESS COMBINATIONS

### (a) Disposal of interest in subsidiary

### **Grays Uganda Limited**

In the prior year, one of our subsidiaries held a 95% interest in Grays Uganda Limited. On December 31, 2018, the subsidiary disposed 65% interest in Grays Uganda Limited to a third party for proceeds MUR 6,649,692. The Company has accounted for the remaining 30% interest as investment in associates and are accounted for using equity method.

| Analysis of asset and liabilities over which control was lost | 2018  |
|---|-------|
|   | MUR'M |
| Current assets  |       |
| Inventories   | 2.3   |
| Trade and other receivables                                   | 3.1   |
| Cash and cash equivalents                                     | 0.5   |
| Current tax assets  | 0.6   |
| Non-current assets  |       |
| Property, plant and equipment                                 | 5.3   |
| Deferred tax assets   | -     |
| Current liabilities   |       |
| Trade and other payables                                      | (8.4) |
| Net assets as at December 31, 2018                            | 3.4   |
| Percentage interest where control has been lost at 65%        | 2.2   |
| Consideration receivable                                      | 6.7   |
| Net assets disposed   | (2.2) |
| Non-controlling interest                                      | (0.2) |
| Gain on disposal  | 4.3   |
|   | 2018  |
|   | MUR'M |
| Net cash inflow on disposal of subsidiary                     |       |
| Consideration received in cash & cash equivalents             | 6.7   |
| Less: cash and cash equivalent balances disposed of           | (0.5) |
| Total consideration received                                  | 6.2   |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 34. BUSINESS COMBINATIONS (CONT'D)

### (b) Aceter Global Ltd

During the year, the Group disposed of the whole of its 88% stake in Aceter Global Ltd for a net cash consideration of MUR 1.9 million.

| Analysis of asset and liabilities over which control was lost | 2018  |
|---|-------|
|   | MUR'M |
| Current assets  |       |
| Trade and other receivables                                   | 5.4   |
| Cash and cash equivalents                                     | 0.1   |
| Non-current assets  |       |
| Property, plant and equipment                                 | 2.8   |
| Intangible assets   | 0.5   |
| Investment  | 0.1   |
| Current liabilities   |       |
| Trade and other payables                                      | (8.7) |
| Net assets as at December 31, 2018                            | 0.2   |
| Percentage interest where control has been lost at 88%        | 0.2   |
| Consideration receivable                                      | 1.9   |
| Net assets disposed   | (0.2) |
| Gain on disposal  | 1.7   |
|   | 2018  |
|   | MUR'M |
| Net cash inflow on disposal of subsidiary                     |       |
| Consideration received in cash & cash equivalents             | 1.9   |
| Less: cash and cash equivalent balances disposed of           | (0.1) |
| Total consideration received                                  | 1.8   |

Year ended December 31, 2018

### 35. SUBSIDIARIES

### The financial statements of the following subsidiaries have been included in the consolidated financial statements.

| _                         |          | 2018        |         | 2017      |             | _       |           |             |                     |
|---------------------------|----------|-------------|---------|-----------|-------------|---------|-----------|-------------|---------------------|
|                           |          |             |         | % held by | % held by   |         | % held by | % held by   |                     |
|                           | Type of  |             |         | other     | non-        |         | other     | non-        |                     |
|                           | shares   | Stated      | %       | group     | controlling | %       | group     | controlling | Principal           |
|                           | held     | capital     | holding | companies | interests   | holding | companies | interests   | activity            |
| -                         |          | MUR         |         |           |             |         |           |             |                     |
|                           |          |             |         |           |             |         |           |             |                     |
| Terra Milling Ltd         | Ordinary | 56,657,480  | -       | 80.00     | 20.00       | -       | 80.00     | 20.00       | Sugar               |
| Terragen Ltd              | Ordinary | 520,523,500 | -       | 51.00     | 49.00       | -       | 51.00     | 49.00       | Energy              |
| Terra Brands Ltd          | Ordinary | 24,342,000  | 100.00  | -         | -           | 100.00  | -         | -           | Investment          |
| Grays Inc.Ltd             | Ordinary | 83,280,000  | -       | 74.00     | 26.00       | -       | 74.00     | 26.00       | Commercial          |
| Grays Uganda Ltd *        | Ordinary | 6,800,000   | -       | -         | -           | -       | 95.00     | 5.00        | Commercial          |
| Grays Distilling Ltd      | Ordinary | 20,738,000  | -       | 66.67     | 33.33       | -       | 66.67     | 33.33       | Manufacturing       |
| Terra Services Ltd        | Ordinary | 25,000      | 100.00  | -         | -           | 100.00  | -         | -           | Services            |
| Ivoirel Limitée           | Ordinary | 35,130,000  | 100.00  | -         | -           | 100.00  | -         | -           | Investment          |
|                           |          |             |         |           |             |         |           |             | Property            |
| Sagiterra Ltd             | Ordinary | 25,000      | 100.00  | -         | -           | 100.00  | -         | -           | management          |
| Société Proban            | Parts    | 8,100,000   | 83.34   | -         | 16.66       | 83.34   | -         | 16.66       | Investment          |
| International Brands Ltd  | Ordinary | 3,440       | -       | 100.00    | -           | -       | -         | -           | Investment          |
| Terra Foundation          | Ordinary | 10,000      | 100.00  | -         | -           | 100.00  | -         | -           | Social activities   |
| Fondation Nemours Harel   | Ordinary | 10,000      | 75.00   | -         | 25.00       | 75.00   | -         | 25.00       | Cultural activities |
| Société Evapo             | Parts    | 16,525,000  | -       | 66.67     | 33.33       | -       | 66.67     | 33.33       | Investment          |
| Terrarock Ltd             | Ordinary | 15,000,000  | -       | 54.00     | 46.00       | -       | 54.00     | 46.00       | Manufacturing       |
| Terragri Ltd              | Ordinary | 722,455,070 | 100.00  | -         | -           | 100.00  | -         | -           | Sugar               |
| Terra Finance Ltd         | Ordinary | 500,000     | 100.00  | -         | -           | 100.00  | -         | -           | Treasury            |
| Terravest Holding Ltd     | Ordinary | 122,178,926 | 100.00  | -         | -           | 100.00  | -         | -           | Investment          |
| Sugarworld Limited        | Ordinary | 45,238,456  | 95.24   | -         | 4.76        | 95.24   | -         | 4.76        | Commercial          |
| Les Chais de L'Isle de    |          |             |         |           |             |         |           |             |                     |
| France Ltée               | Ordinary | 3,000,000   | -       | 100.00    | -           | -       | 100.00    | -           | Commercial          |
| Aceter Global Ltd **      | Ordinary | 8,500,000   | -       | -         | -           | 88.12   | -         | 11.88       | Fund management     |
| Terragen Management Ltd   | Ordinary | 100,000     | -       | 61.75     | 38.25       | -       | 61.75     | 38.25       | Services            |
| AG Holdings Ltd **        | Ordinary | 25,000      | -       | -         | -           | -       | 100.00    | -           | Fund management     |
| Intendance Holding Ltd    | Ordinary | 1,647,700   | 100.00  | -         | -           | 100.00  | -         | -           | Investment          |
| Beau Plan Cellars Ltd     | Ordinary | 10,000,000  | -       | 100.00    | -           | -       | 100.00    | -           | Manufacturing       |
| Beau Plan Retail Park *** | Ordinary | 1           | -       | 100.00    | -           | -       | -         | -           | Commercial          |
| Providence Warehouse Ltd  | Ordinary | 10,000      | -       | 50.00     | -           | -       | 50.00     | -           | Commercial          |
| Beau Plan Development     | 0 1'     |             |         |           |             |         |           |             | Property            |
| Ltd***                    | Ordinary | 905,000,000 | -       | 100.00    | -           | -       | -         | -           | management          |

- (a) The above subsidiaries are incorporated and operate in Mauritius except for the following:
- (i) Ivoirel Limitée, whose country of operation is Côte d'Ivoire;
- (ii) Grays Uganda Ltd, whose country of operation is Uganda;
- (iii) Providence Warehouse Ltd, whose country of operations is Seychelles.
- \* The investment in Grays Uganda Ltd has been transferred to investment in associates as at December 31, 2018.
- \*\* The investment in Aceter Global Ltd and AG Holdings Ltd have been disposed during the year.
- \*\*\* Beau Plan Development Ltd and Beau Plan Retail Park Ltd have been incorporated during the year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 35. SUBSIDIARIES (CONT'D)

### Subsidiaries with material non-controlling interests

| Name          | ubsidiaries that have non-controlling interests that are material to the entity | Profit/(loss) allocated to Non- controlling interests during the year | Accumulated<br>Non-<br>controlling<br>interests<br>at Dec 31, |
|---------------|---|---|---|
| 2018          |   | MUR'M   | MUR'M   |
| Terragen Ltd  | I   | 96.8  | 787.4   |
| Terra Milling | g Ltd   | (17.1)  | 85.8  |
| Grays Inc Lt  | d   | 15.8  | 127.6   |
| 2017          |   |   |   |
| Terragen Ltd  | 1   | 114.3   | 779.1   |
| Terra Millin  | g Ltd   | 4.5   | 89.7  |
| Grays Inc Lt  | td  | 14.8  | 101.4   |
| ) Summarise   | d financial information on subsidiaries with material non-controlling           | g interests   |   |
| Summarised    | statement of financial position of Terragen Ltd:                                | 2018  | 2017  |

| Summarised statement of financial position of Terragen Ltd: | 2018    | 2017    |
|---|---------|---------|
|   | MUR'M   | MUR'M   |
| Non-current assets  | 1,506.0 | 1,496.1 |
| Current assets  | 585.1   | 594.5   |
| Non-current liabilities                                     | (224.9) | (238.6) |
| Current liabilities   | (290.3) | (310.1) |
| Total equity  | 1,575.9 | 1,541.9 |

|                            | 2018      | 2017      |
|----------------------------|-----------|-----------|
|                            | MUR'M     | MUR'M     |
| Revenue                    | 1,467.1   | 1,355.2   |
| Expenses                   | (1,244.7) | (1,112.1) |
| Other income               | 2.9       | 5.7       |
| Profit before tax          | 225.3     | 248.8     |
| Taxation                   | (31.5)    | (37.6)    |
| Profit for the year        | 193.8     | 211.2     |
| Other comprehensive income | 15.4      | (4.7)     |
| Total comprehensive income | 209,2     | 206.5     |

Year ended December 31, 2018

### 35. SUBSIDIARIES (CONT'D)

### (c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

|     | Summarised cash flow information of Terragen Ltd:   | 2018             | 2017    |
|-----|---|------------------|---------|
|     |   | MUR'M            | MUR'M   |
|     | Net cash inflow from operating activities   | 423.2            | 180.8   |
|     | Net cash outflow from investing activities  | (95.7)           | (137.8) |
|     | Net cash outflow from financing activities  | (245.0)          | (138.0) |
|     | Net cash inflow/(outflow)   | 82.5             | (95.0)  |
|     | The summarised financial information above is the amount before intra-group eliminations. |                  |         |
| ii) | Summarised statement of financial position of Terra Milling Ltd:                          | 2018             | 2017    |
|     |   | MUR'M            | MUR'M   |
|     | Non-current assets  | 854.2            | 896.3   |
|     | Current assets  | 228.6            | 312.0   |
|     | Non-current liabilities   | (312.3)          | (349.6) |
|     | Current liabilities   | (341.6)          | (372.6) |
|     | Total equity  | 428.9            | 486.1   |
|     | Summarised statement of profit or loss and other comprehensive income of Terra Milling    | Ltd: <b>2018</b> | 2017    |
|     |   | MUR'M            | MUR'M   |
|     | Revenue   | 383.1            | 527.9   |
|     | Sugar Insurance Fund Board Compensation   | -                | 24.9    |
|     | Expenses  | (464.2)          | (521.7) |
|     | Other income  | 32.7             | 29.7    |
|     | Finance costs   | (31.5)           | (28.7)  |
|     | (Loss)/profit before tax  | (79.9)           | 32.1    |
|     | Taxation  | (5.6)            | 30.3    |
|     | (Loss)/profit for the year  | (85.5)           | 62.4    |
|     | Other comprehensive income  | 28.2             | (28.8)  |
|     | Total comprehensive income  | (57.3)           | 33.6    |
|     | Summarised cash flow information of Terra Milling Ltd:                                    | 2018             | 2017    |
|     |   | MUR'M            | MUR'M   |
|     | Net cash inflow from operating activities   | 38.3             | 65.2    |
|     | Net cash outflow from investing activities  | (18.3)           | (51.7)  |
|     | Net cash outflow from financing activities  | (42.0)           | (6.9)   |
|     | Net cash (outflow)/inflow   | (22.0)           | 2.0     |

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 35. SUBSIDIARIES (CONT'D)

| (iii) | Summarised statement of financial position of Grays Inc Ltd:                            | 2018      | 2017      |
|-------|---|-----------|-----------|
|       | -   | MUR'M     | MUR'M     |
|       | Non-current assets  | 201.9     | 190.2     |
|       | Current assets  | 1,050.5   | 931.1     |
|       | Non-current liabilities   | (130.8)   | (118.3)   |
|       | Current liabilities   | (861.4)   | (666.6)   |
|       | Total equity  | 260.2     | 336.4     |
|       | Summarised statement of profit or loss and other comprehensive income of Grays Inc Ltd: |           |           |
|       |   | 2018      | 2017      |
|       | <del>-</del>  | MUR'M     | MUR'M     |
|       | Revenue   | 1,920.5   | 1,903.2   |
|       | Expenses  | (1,860.6) | (1,808.6) |
|       | Other income  | 21.4      | 2.4       |
|       | Finance costs   | (11.3)    | (10.0)    |
|       | Exceptional items   | (4.4)     | (68.8)    |
|       | Profit before tax   | 65.6      | 18.2      |
|       | Taxation  | (12.3)    | (13.1)    |
|       | Profit for the year (continuing operations)   | 53.3      | 5.1       |
|       | Other comprehensive income  | (10.8)    | 5.7       |
|       | Total comprehensive income  | 42.4      | 10.9      |
|       | Summarised cash flow information of Grays Inc Ltd:                                      | 2018      | 2017      |
|       | ·   | MUR'M     | MUR'M     |
|       | Net cash inflow from operating activities   | 36.7      | 141.0     |
|       | Net cash outflow from investing activities  | (35.6)    | (79.8)    |
|       | Net cash inflow/(outflow) from financing activities                                     | 191.9     | (5.9)     |
|       | Net cash inflow   | 193.0     | 55.3      |

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

Year ended December 31, 2018

### 36. ASSOCIATES

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

|                                    |         |             |          |               |                   | Financial       |
|------------------------------------|---------|-------------|----------|---------------|-------------------|-----------------|
| 2018                               | Assets  | Liabilities | Revenues | Profit/(loss) | 2018<br>% holding | period<br>ended |
| -                                  | MUR'M   |             |          |               | % notaing         | ended           |
|                                    |         | MUR'M       | MUR'M    | MUR'M         |                   |                 |
| Alcohol & Molasses Export Ltd      | 31.8    | 8.4         | 71.5     | 42.7          | 41.87             | June 30,        |
| Anytime Investment Ltd             | 0.1     | 0.1         | -        | -             | 24.50             | June 30,        |
| Coal Terminal (Management) Co Ltd  | 20.8    | 17.3        | 82.4     | 0.2           | 15.43             | December 31,    |
| Horus Ltée                         | 193.0   | 2.1         | -        | 4.0           | 50.00             | June 30,        |
| Swan General Ltd                   | 5,129.9 | 2,846.8     | 1,642.0  | 327.6         | 34.03             | December 31,    |
| New Fabulous Investment Ltd        | 0.1     | 0.1         | -        | -             | 24.50             | June 30,        |
| New Goodwill Co. Ltd               | 470.3   | 265.8       | 978.0    | 50.8          | 33.33             | June 30,        |
| Rehm Grinaker Construction Co. Ltd | 720.2   | 693.0       | 950.5    | 11.0          | 35.49             | June 30,        |
| Rehm Grinaker Properties Co Ltd    | 169.8   | 90.1        | 14.8     | 10.2          | 35.49             | June 30,        |
| Topterra Ltd                       | 91.4    | 55.8        | 17.8     | (3.6)         | 33.33             | June 30,        |
| Commada Ltd                        | 284.6   | 141.2       | -        | 0.1           | 50.00             | December 31,    |
| Distillerie de Bois Rouge Ltd      | 4.4     | 11.2        | -        | (0.6)         | 33.33             | July 31,        |
| Sucrivoire S.A                     | 5,359.1 | 2,459.2     | 3,303.8  | (14.7)        | 25.50             | December 31,    |
| United Investment Limited          | 2,738.2 | 436.5       | 30.3     | 63.9          | 29.03             | June 30,        |
| Terravest Limited                  | 382.6   | 233.0       | 419.0    | 31.3          | 26.67             | December 31,    |
| Thermal Valorisation Co Ltd        | 931.6   | 648.9       | 57.6     | (1.0)         | 34.99             | December 31,    |
| Belle Vue Rum Ltd                  | 17.5    | 12.4        | 7.7      | 1.5           | 50.00             | December 31,    |
| Inside Capital Partners Ltd        | 14.2    | 11.7        | 28.2     | (8.7)         | 24.50             | December 31,    |
| Payment Express Ltd                | 253.9   | 141.5       | 149.3    | 11.6          | 27.80             | June 30,        |
| Beau Plan Campus Ltd               | 583.4   | 307.0       | 44.2     | 30.1          | 40.00             | December 31,    |
| Grays Uganda Ltd                   | 11.8    | 8.4         | 14.2     | (9.6)         | 22.20             | December 31,    |

(b) For associates with year ended June 30, and July 31, the management accounts at December 31, 2018 have been used to calculate the share of profit and net assets.

The Group accounts for its investments in Coal Terminal (Management) Co Ltd as associate although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation on the Board of directors of this associated company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 36. ASSOCIATES (CONT'D)

### (c) Summarised financial information in respect of each of the material associates is set out below.

| 2017                               | Assets  | Liabilities | Dovenues | Drofit//loss\ | 2017<br>% holding | Financial<br>period |
|------------------------------------|---------|-------------|----------|---------------|-------------------|---------------------|
| -                                  |         |             | Revenues | Profit/(loss) | % holding         | ended               |
|                                    | MUR'M   | MUR'M       | MUR'M    | MUR'M         |                   |                     |
| Alcohol & Molasses Export Ltd      | 35.2    | 15.2        | 71.5     | (8.8)         | 41.87             | June 30,            |
| Anytime Investment Ltd             | 0.1     | 0.1         | -        | -             | 24.50             | June 30,            |
| Coal Terminal (Management) Co Ltd  | 25.4    | 24.7        | 70.5     | (2.2)         | 15.43             | December 31,        |
| Horus Ltée                         | 166.9   | 2.0         | -        | 17.1          | 50.00             | June 30,            |
| Swan General Ltd                   | 4,859.1 | 2,022.0     | 1,448.3  | 236.6         | 34.03             | December 31,        |
| New Fabulous Investment Ltd        | 0.1     | 0.1         | -        | -             | 24.50             | June 30,            |
| New Goodwill Co. Ltd               | 352.2   | 152.7       | 997.1    | 93.9          | 33.33             | June 30,            |
| Rehm Grinaker Construction Co. Ltd | 1,107.8 | 1,089.9     | 1,181.2  | -             | 35.49             | June 30,            |
| Rehm Grinaker Properties Co Ltd    | 169.7   | 97.2        | 7.0      | 3.1           | 35.49             | June 30,            |
| Topterra Ltd                       | 94.0    | 59.3        | 9.4      | (1.7)         | 33.33             | June 30,            |
| Commada Ltd                        | 298.5   | 144.8       | -        | -             | 50.00             | December 31,        |
| Distillerie de Bois Rouge Ltd      | 4.4     | 11.2        | -        | (0.6)         | 33.33             | July 31,            |
| Sucrivoire S.A                     | 2,888.9 | 806.6       | 3,482.0  | 195.1         | 25.50             | December 31,        |
| United Investment Limited          | 3,622.0 | 1,384.1     | 34.6     | (144.7)       | 29.03             | June 30,            |
| Terravest Limited                  | 337.2   | 237.5       | 445.6    | 8.1           | 26.67             | December 31,        |
| Thermal Valorisation Co Ltd        | 908.6   | 625.3       | 25.1     | (13.5)        | 34.99             | December 31,        |
| Belle Vue Rum Ltd                  | 19.1    | 12.4        | 11.3     | 2.1           | 50.00             | December 31,        |
| Inside Equity Fund                 | 94.7    | 16.5        | -        | (32.5)        | 38.97             | December 31,        |
| Inside Capital Partners Ltd        | 11.2    | 10.2        | 18.4     | (14.5)        | 24.50             | December 31,        |
| Payment Express Ltd                | 178.9   | 78.1        | 47.8     | (7.2)         | 27.80             | June 30,            |
| Beau Plan Campus Ltd               | 489.1   | 254.5       | -        | -             | 40.00             | December 31,        |
|                                    |         |             |          |               |                   |                     |

For associates with year ended June 30, and July 31, the management accounts at December 31, 2018 have been used to calculate the share of profit and net assets.

The Group accounts for its investments in Coal Terminal (Management) Co Ltd as associate although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation on the Board of directors of this associated company.

Year ended December 31, 2018

### 37. CAPITAL COMMITMENTS

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

| THE   | GROUP |
|-------|-------|
| 2018  | 2017  |
| MUR'M | MUR'M |
| 696.5 | 97.6  |

### 38. ULTIMATE HOLDING ENTITY

The Board of Directors considers Société de Nemours, constituted in Mauritius, as the ultimate holding entity of Terra Mauricia Ltd.

### 39. RELATED PARTY TRANSACTIONS

| (i) | THE GROUP                         | Remuneration | Purchases of services | Sales of<br>services<br>and others | Management<br>Fees<br>Receivable | Throughput and storage fees payable | Amount receivable |
|-----|-----------------------------------|--------------|-----------------------|------------------------------------|----------------------------------|-------------------------------------|-------------------|
|     | 2018                              | MUR'M        | MUR'M                 | MUR'M                              | MUR'M                            | MUR'M                               | MUR'M             |
|     | Associates                        | -            | 75.8                  | 0.3                                | 9.4                              | 18.6                                | 6.0               |
|     | Key management personnel          | 105.0        | -                     | -                                  | -                                | -                                   |                   |
|     | Enterprises with common directors |              | 332.9                 | 225.3                              |                                  | -                                   |                   |
|     | <u>2017</u>                       |              |                       |                                    |                                  |                                     |                   |
|     | Associates                        | -            | 67.3                  | -                                  | 14.4                             | 16.8                                | 7.4               |
|     | Key management personnel          | 103.7        | -                     | -                                  | -                                | -                                   | -                 |
|     | Enterprises with common directors | _            | 188.3                 | 178.6                              | _                                | -                                   | _                 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 39. RELATED PARTY TRANSACTIONS (CONT'D)

|      |                          | Remuneration | Amount receivable | Amount payable |
|------|--------------------------|--------------|-------------------|----------------|
| (ii) | THE COMPANY              | MUR'M        | MUR'M             | MUR'M          |
|      | <u>2018</u>              |              |                   |                |
|      | Associates               | -            | 14.4              | -              |
|      | Key management personnel | -            | -                 | -              |
|      | Subsidiaries             |              | 4.1               | 522.0          |
|      | <u>2017</u>              |              |                   |                |
|      | Associates               | -            | 44.2              | -              |
|      | Key management personnel | -            | -                 | -              |
|      | Subsidiaries             |              | 61.3              | 616.7          |

|       |   | THE C | ROUP  | THE COMPANY |       |
|-------|---|-------|-------|-------------|-------|
|       |   | 2018  | 2017  | 2018        | 2017  |
| (iii) | Key management personnel                  | MUR'M | MUR'M | MUR'M       | MUR'M |
|       | Salaries and short term employee benefits | 96.2  | 97.8  | -           | -     |
|       | Other benefits                            | 8.8   | 5.9   | -           | -     |
|       |   | 105.0 | 103.7 | -           | -     |

(iv) The transactions to and from related parties are made at normal market prices. There has been no guarantees provided or received for any related party receivables or payables and outstanding balances at year end are unsecured. For the year ended December 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Intercompany receivables and payables carries interest at market rate.

### 40. CONTINGENT LIABILITIES

### (a) Court cases

### (i) Previous distillers

An agreement was reached in 1979 between five enterprises (including a subsidiary of the Group) for the sale and sharing thereof of alcohol produced from molasses and sold in Mauritius. The agreement was terminated in 2000. There is currently a dispute over the compensation payable upon termination to two partners, who are claiming MUR 58.4 million from the other partners, (including a subsidiary of the Group). A ruling was delivered in August 2012 by the Judge of the Commercial Court to the effect that the matter should be referred to arbitration. However, the parties have given notice of appeal of that judgement. The appeal was called in March 2014, when some points of laws were raised. On 20 November 2014, arguments were heard on the points of law and the judge has delivered his ruling on 11 December 2015, allowing the appeal to procede. The appeal was heard on 22 February 2017 and the Court has ruled, on 1st November 2018, that the case should be referred to the Supreme Court (Commercial Division).

Year ended December 31, 2018

### 40. CONTINGENT LIABILITIES (CONT'D)

### (a) Court cases (Cont'd)

### (ii) Ex-employees of Beau Plan Sugar Factory

There is currently a claim to a subsidiary for damages from ex-employees of Beau Plan Sugar Factory for MUR 130.0M in respect of breach of contract. The court case is still ongoing.

### (iii) Irrigation Authority

There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to 30th June 2018 amounting to MUR 45.1M. The matter has been referred to an Arbitration Board as provided by the water supply agreement existing between the Irrigation Authority and the Company.

### (iv) Dissenting shareholders

Following the special meeting of Harel Frères Limited (now Terragri Ltd) held on November 23, 2011 at which the shareholders of Terragri Ltd approved a scheme of arrangement under sections 261 to 264 of the Companies Act 2001 (the "Scheme") pursuant to which the shares of Terragri Ltd were, on January 01, 2012, exchanged for shares of Terra Mauricia Ltd ("Terra") in the ratio of 1:1, that is one (1) ordinary share of Terra for one (1) ordinary share of Terragri Ltd, certain dissenting shareholders (the "Dissenting Shareholders"), representing some 6.4% of the share capital have initiated legal proceedings against Terragri Ltd and Terra. The Dissenting Shareholders claim that they have been unfairly prejudiced by the Scheme and have applied for an order of the court requiring the buy back of their shares at fair value or the payment of compensation in a sum in excess of MUR 64 per share held by them. Terragri Ltd and Terra have been advised that the claim of the Dissenting Shareholders is misconceived. Counsel has further opined that the claim amounts to an abuse of process of the court. The claim of the Dissenting Shareholders has been resisted both by Terragri Ltd and Terra. The matter has been heard by the Bankruptcy Division of the Supreme Court of Mauritius and a judgement was issued on February 11, 2014. The Supreme Court dismissed the applications with costs and confirmed that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders have given notice of appeal, which was resisted. The appeal, which was scheduled to be heard on May 25, 2015 has been postponed to July 11, 2016, to June 19, 2017, to January 15, 2018 and then to July 02, 2018. It was finally heard on July 16, 2018 and the judgement, which was delivered on March 25, 2019, dismissed the appeal with costs.

### (v) The Mauritius Revenue Authority (MRA)

In October 2011 the MRA raised assessments totaling MUR 30.9M in respect of corporate tax on Mauricia Limitee which was subsequently amalgamated with Terragri Ltd (formerly Harel Frères Limited). An amount of MUR 9.3M, representing the statutory 30% payment, was paid when objections were made against the assessments. Following the decision of the Alternative Tax Dispute Resolution Panel held on February 27, 2018, a final agreement was reached. Both parties agreed that the downpayment of MUR 9.3M represented the revised tax payable including penalties and interests. Since the said amount had already been paid, no further tax was due.

### (vi) Breach of contract

A subsidiary has claimed an amount of MUR 1.8M to one of its clients in respect of overdue selling fees. The client has submitted a counterclaim of MUR 60M to the subsidiary for breach of contract and damages. The dispute is still pending.

Following the termination of a transport contract by a subsidiary, a supplier has claimed MUR 6M to the former for breach of contract. The case is still ongoing.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 40. CONTINGENT LIABILITIES (CONT'D)

### (b) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR'M 166.0 (2017: MUR'M 166.0) as at December 31, 2018.

### (c) Letter of comfort

In the ordinary course of business, the Company has provided letters of comfort and undertaking in favour of commercial banks in Mauritius in respect of short term banking facilities availed by its wholly owned subsidiary, Terra Finance Ltd.

As at December 31, 2018, the total comfort provided in respect of the short term banking facilities amounted to MUR 5.5 billion (2017: MUR 5.3 billion) out of which total utilisation amounted to MUR 2.1 billion (2017: MUR 2.1 billion).

Year ended December 31, 2018

### 41. SEGMENT INFORMATION

| (a) | Year ended December 31, 2018          | Cane          | Power   | Brands  | Property<br>and<br>Leisure | Others  | Group<br>Adjustments | Total   |
|-----|---------------------------------------|---------------|---------|---------|----------------------------|---------|----------------------|---------|
|     |                                       | MUR'M         | MUR'M   | MUR'M   | MUR'M                      | MUR'M   | MUR'M                | MUR'M   |
|     | Total segment revenues                | 884.1         | 1,467.1 | 2,410.9 | 202.5                      | 284.8   | -                    | 5,249.4 |
|     | Intersegment sales                    | (48.4)        | (16.5)  | 2,410.7 | (23.5)                     | (81.7)  | -                    | (170.1) |
|     | Revenues from external customers      | 835.7         | 1,450.6 | 2,410.9 | 179.0                      | 203.1   |                      | 5,079.3 |
|     |                                       |               | -,      | _,      |                            |         |                      | -,      |
|     | Segment profit                        | (271.9)       | 235.0   | 91.2    | 171.4                      | 49.7    | (91.9)               | 183.5   |
|     | Finance costs                         | (37.6)        | (4.1)   | (15.9)  | (0.1)                      | (131.8) | 91.9                 | (97.6)  |
|     | Profit after finance costs            | (309.5)       | 230.9   | 75.3    | 171.3                      | (82.1)  | -                    | 85.9    |
|     | Share of results of associates        | (3.7)         | (0.3)   | 28.9    | 12.1                       | 166.9   | -                    | 203.9   |
|     | Profit before taxation                | (313.2)       | 230.6   | 104.2   | 183.4                      | 84.8    | -                    | 289.8   |
|     | Taxation                              | (5.7)         | (31.5)  | (20.5)  | (2.7)                      | 4.1     | -                    | (56.3)  |
|     | (Loss)/Profit after taxation          | (318.9)       | 199.1   | 83.7    | 180.7                      | 88.9    | -                    | 233.5   |
|     | Non-controlling interests             |               |         |         |                            |         |                      | (112.0) |
|     | Profit attributable to equity holders | of the compar | ny      |         |                            |         | _                    | 121.5   |

| Year ended December 31, 2017          | Cane         | Power   | Brands  | Property<br>and<br>Leisure | Others  | Group<br>Adjustments | Total   |
|---------------------------------------|--------------|---------|---------|----------------------------|---------|----------------------|---------|
| ·                                     | MUR'M        | MUR'M   | MUR'M   | MUR'M                      | MUR'M   | MUR'M                | MUR'M   |
| Total segment revenues                | 1,133.4      | 1,356.9 | 2,285.4 | 194.8                      | 289.8   | -                    | 5,260.3 |
| Intersegment sales                    | (43.5)       | (16.9)  | -       | (23.0)                     | (89.6)  | -                    | (173.0) |
| Revenues from external customers      | 1,089.9      | 1,340.0 | 2,285.4 | 171.8                      | 200.2   | -                    | 5,087.3 |
|                                       |              |         |         |                            |         |                      |         |
| Segment (loss)/profit                 | (99.3)       | 257.3   | 85.1    | 109.7                      | 63.6    | (97.7)               | 318.7   |
| Finance (costs)/income                | (54.2)       | (4.1)   | (5.2)   | (2.6)                      | (132.0) | 97.7                 | (100.4) |
| (Loss)/Profit after finance costs     | (153.5)      | 253.2   | 79.9    | 107.1                      | (68.4)  | -                    | 218.3   |
| Share of results of associates        | 49.8         | (4.7)   | 30.6    | -                          | (33.4)  | -                    | 42.3    |
| Profit before taxation                | (103.7)      | 248.5   | 110.5   | 107.1                      | (101.8) | -                    | 260.6   |
| Taxation                              | 31.4         | (37.0)  | (9.3)   | (2.5)                      | 2.2     | -                    | (15.2)  |
| Profit after taxation                 | (72.3)       | 211.5   | 101.2   | 104.6                      | (99.6)  | -                    | 245.4   |
| Non-controlling interests             |              |         |         |                            |         | _                    | (158.8) |
| Profit attributable to equity holders | of the compa | any     |         |                            |         | _                    | 86.6    |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 41. SEGMENT INFORMATION (CONT'D)

| (b) | Year ended December 31, 2018  | Cane    | Power     | Brands    | Property<br>and<br>Leisure | Others  | Group     |
|-----|-------------------------------|---------|-----------|-----------|----------------------------|---------|-----------|
|     |                               | MUR'M   | MUR'M     | MUR'M     | MUR'M                      | MUR'M   | MUR'M     |
|     | Interest revenue              | -       | 0.2       | 6.4       | 0.1                        | 4.9     | 11.6      |
|     | Interest expense              | 20.5    | (8.9)     | (2.2)     | (0.1)                      | (117.2) | (107.9)   |
|     | Cost of sales                 | (988.0) | (1,107.2) | (1,793.7) | (25.3)                     | (129.4) | (4,043.6) |
|     | Segment assets                | 8,129.6 | 1,974.8   | 1,870.3   | 2,937.3                    | 402.9   | 15,314.9  |
|     | Associates                    | 792.3   | 99.0      | 89.8      | 110.9                      | 2,363.5 | 3,455.5   |
|     | Other assets                  | 0.1     | 20.5      | -         | 28.8                       | 657.7   | 707.1     |
|     | Segment liabilities           | 565.7   | 279.6     | 572.3     | 78.6                       | 152.8   | 1,649.0   |
|     | Borrowings                    | 532.5   | -         | 679.7     | 1.5                        | 1,491.5 | 2,705.2   |
|     | Other liabilities             | 15.0    | 223.1     | 14.4      | 34.3                       | 9.4     | 296.2     |
|     | Capital expenditure           | 125.8   | 42.1      | 114.8     | 4.7                        | 25.2    | 312.6     |
|     | Depreciation and amortisation | (188.9) | (75.8)    | (49.9)    | (43.0)                     | (28.0)  | (385.6)   |
|     | Year ended December 31, 2017  |         |           |           | Property<br>and            |         |           |
|     | 100 000 2 000 00 01, 2017     | Cane    | Power     | Brands    | Leisure                    | Others  | Group     |
|     |                               |         |           |           |                            |         |           |

|                               |           |         |           | Property |         |           |
|-------------------------------|-----------|---------|-----------|----------|---------|-----------|
| Year ended December 31, 2017  |           |         |           | and      |         |           |
|                               | Cane      | Power   | Brands    | Leisure  | Others  | Group     |
|                               | MUR'M     | MUR'M   | MUR'M     | MUR'M    | MUR'M   | MUR'M     |
| Interest revenue              | 0.2       | 0.5     | -         | -        | 10.7    | 11.4      |
| Interest expense              | (22.8)    | (4.4)   | (13.1)    | (2.3)    | (58.9)  | (101.5)   |
| Cost of sales                 | (1,060.8) | (987.2) | (1,688.7) | (22.7)   | (116.3) | (3,875.7) |
| Segment assets                | 8,594.8   | 1,966.8 | 1,536.6   | 2,389.2  | 533.0   | 15,020.4  |
| Associates                    | 801.7     | 99.2    | 83.0      | 99.4     | 2,162.6 | 3,245.9   |
| Other assets                  | 71.0      | 28.0    | -         | 74.0     | 317.3   | 490.3     |
| Segment liabilities           | 585.8     | 220.0   | 411.8     | 77.5     | 206.0   | 1,501.1   |
| Borrowings                    | 505.7     | 70.0    | 500.1     | 3.5      | 1,618.9 | 2,698.2   |
| Other liabilities             | 10.2      | 191.9   | 5.8       | 8.8      | 4.3     | 221.0     |
| Capital expenditure           | 174.6     | 124.3   | 103.2     | 60.2     | 15.4    | 477.7     |
| Depreciation and amortisation | (184.9)   | (75.5)  | (48.7)    | (46.0)   | (23.6)  | (378.7)   |

Year ended December 31, 2018

### 41. SEGMENT INFORMATION (CONT'D)

The Group is organised into the following main business segments:-

Cane - Cane growing and milling activities

Brands - Manufacturing, bottling and retailing of alcohol products and sale of consumable goods

Power - Production and sale of electricity from coal and bagasse

Property and Leisure - Rental of properties, property development and leisure services

Others - Management and manufacture and sale of building materials, none of which constitute a separately reportable segment

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, cash and cash equivalents and receivables and exclude investments in associates and others.

Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

### (c) Geographical segments

The Group's five business segments are managed locally and operate in the following main geographical areas:

|               | Sa      | Sales            |          | assets   | Capital ex | penditure |  |
|---------------|---------|------------------|----------|----------|------------|-----------|--|
|               | 2018    | <b>2018</b> 2017 |          | 2017     | 2018       | 2017      |  |
|               | MUR'M   | MUR'M            | MUR'M    | MUR'M    | MUR'M      | MUR'M     |  |
| Mauritius     | 4,808.8 | 4,880.0          | 18,624.2 | 18,744.5 | 341.8      | 477.7     |  |
| Côte d'Ivoire | 10.4    | 14.4             | 723.8    | 773.4    | -          | -         |  |
| Seychelles    | 260.1   | 192.9            | 129.5    | 113.6    | -          | -         |  |
|               | 5,079.3 | 5,087.3          | 19,477.5 | 19,631.5 | 341.8      | 477.7     |  |

Sales revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

|                                     | THE G   | ROUP    | THE CO | MPANY |
|-------------------------------------|---------|---------|--------|-------|
| Analysis of sales                   | 2018    | 2017    | 2018   | 2017  |
|                                     | MUR'M   | MUR'M   | MUR'M  | MUR'M |
| Sale of sugar, molasses and bagasse | 835.7   | 1,089.9 | -      | -     |
| Sale of electricity                 | 1,450.6 | 1,340.0 | -      | -     |
| Sale of goods                       | 2,699.5 | 2,529.4 | -      | -     |
| Revenue from services               | 93.5    | 128.0   | -      | -     |
| Dividend income                     | -       | -       | 244.1  | 302.0 |
|                                     | 5,079.3 | 5,087.3 | 244.1  | 302.0 |

All revenues are recognised at one point in time.

For revenue recognition see note 2.23.

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# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 41. SEGMENT INFORMATION (CONT'D)

### (d) Remaining performance Obligations

The vast majority of the Company's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, certain design contracts and contracts for the delivery of goods have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the Company's right to consideration does not correspond directly with the performance.

In addition, sales of extended warranties for periods of greater than one year and material rights relating to discounts on future contracts do not meet these conditions.

| 42. | COMPENSATION FROM THE SUGAR INSURANCE FUND BOARD (SIFB) | THE GROUP |       |  |  |  |  |
|-----|---|-----------|-------|--|--|--|--|
|     |   | 2018      | 2017  |  |  |  |  |
|     |   | MUR'M     | MUR'M |  |  |  |  |
|     | Compensation from the SIFB                              | 37.4      | 67.2  |  |  |  |  |

### 43. CHANGES IN ACCOUNTING POLICIES

### (a) Impact on the financial statements

IFRS 9 and IFRS 15 were adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended December 31, 2017 but are recognised in the opening reserves on January 1, 2018.

The following tables show the adjustments recognised for each individual line item.

### THE GROUP

**Balance sheet** 

|                                    | December<br>31,<br>2017 | IFRS 9 | January 1,<br>2018<br>Restated |
|------------------------------------|-------------------------|--------|--------------------------------|
|                                    | MUR'M                   | MUR'M  | MUR'M                          |
| Non-current assets                 |                         |        |                                |
| Financial assets at amortised cost | 123.0                   | (7.4)  | 115.6                          |
| Current assets                     |                         |        |                                |
| Trade receivables                  | 1,625.3                 | (19.9) | 1,605.4                        |
| Loss allowance                     | (15.8)                  | (19.9) | (35.7)                         |
| Current liabilities                |                         |        |                                |
| Retained earnings                  | 930.6                   | (27.3) | 903.3                          |

The impact on the retained earnings as at January 1, 2018 is as follows:

|  | MUR'M  | MUR'M  |
|--|--------|--------|
| Retained earnings December 31, 2017  |        | 924.1  |
| Adjustments from adoption of IFRS 9  |        |        |
| Increase in provision for trade receivables                                    | (19.9) |        |
| Increase in provision for debt investments at amortised cost                   | (7.4)  |        |
|  |        | (27.3) |
| Prior year adjustment in respect of changes in effective tax rate (note 43(d)) |        | (5.9)  |
| Restated retained earnings January 1, 2018                                     | _      | 890.9  |

Year ended December 31, 2018

### 43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

### (b) IFRS 9 Financial Instruments

### (i) Classification and measurement

On January 1, 2018, management has assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

|   |       | FVOCI       |
|---|-------|-------------|
|   |       | (Available- |
|   |       | for-sale    |
|   | Notes | 2017)       |
| Financial assets - January 1, 2018                      |       | MUR'M       |
| Balance December 31, 2017                               |       |             |
| - IAS 39  |       |             |
| Reclassify investments from available-for-sale to FVOCI | (a)   | 393.6       |
|   |       | 393.6       |

### Opening balance January 1, 2018 - IFRS 9

### • Equity investments previously classified as available-for-sale

The Company/Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of MUR'M 393.6 were reclassified from available-for-sale financial assets to financial assets at FVOCI.

### • Other financial assets

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Equity securities - held for trading are required to be held as FVPL under IFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9.

### • Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, January 1, 2018, the financial instruments of the Company/Group were as follows, with any reclassifications noted:

|                              | Measui<br>cate       | Carrying amount |          |         |            |  |  |
|------------------------------|----------------------|-----------------|----------|---------|------------|--|--|
|                              | Original<br>(IAS 39) | New<br>(IFRS 9) | Original | New     | Difference |  |  |
| Non-current financial assets |                      |                 | MUR'M    | MUR'M   | MUR'M      |  |  |
| Other receivables            | Amortised cost       | Amortised cost  | 123.0    | 115.6   | 7.4        |  |  |
| Current financial assets     |                      |                 |          |         |            |  |  |
| Trade receivables            | Amortised cost       | Amortised cost  | 1,625.3  | 1,605.4 | 19.9       |  |  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year ended December 31, 2018

### 43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

### (b) IFRS 9 Financial Instruments (Cont'd)

### (ii) Derivatives and hedging activities

### Impact from the adoption of IFRS 9 on prior periods

The foreign currency forwards and interest rate swaps in place as at December 31, 2017 qualified as cash flow hedges under IFRS 9. The Company/Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

For foreign currency forwards, the Company/Group only designates the spot component of the change in fair value in cash flow hedge relationships. The spot component is determined with reference to the relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as forward points. It is discounted, where material. Changes in the fair value related to forward points were recognised in the statement of profit or loss prior to January 1, 2017.

Since adoption of IFRS 9, the Company/Group recognises changes in the fair value of foreign currency forwards attributable to forward points in the costs of hedging reserve within equity. The deferred costs of hedging are included within the initial cost of the related hedged item when it is recognised.

### New hedge designations from January 1, 2018

Prior to January 1, 2018, the Company/Group classified foreign currency options as held-for-trading derivatives and accounted for them at FVPL. Following the adoption of IFRS 9, the Company/Group is now designating the intrinsic value of foreign currency options as hedging instruments. The intrinsic value is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the discounted spot market exchange rate is defined as the time value. It is discounted, where material. Changes in the time value of the options that relate to the hedged item are deferred in the costs of hedging reserve and recognised against the related hedge transaction when it occurs.

### iii) Impairment of financial assets

The Companyl Group has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables for sales and from the provisions of services;
- financial assets carried at amortised cost.

The Company/Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Company's/Group's retained earnings and equity is disclosed above.

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

Year ended December 31, 2018

### 43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

### (b) IFRS 9 Financial Instruments (Cont'd)

### (iii) Impairment of financial assets (Cont'd)

### Trade receivables and contract assets

The Company/Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This resulted in an increase of the loss allowance on January 1, 2018 by MUR'M 27.3 for trade receivables.

The loss allowance decreased by MUR'M 35.7 to MUR'M 26.9 for trade receivables during the current reporting period.

### (c) IFRS 15 Revenue from Contracts with customers

There are no changes to the amounts reported in the financial statements year ended December 31, 2018 under IFRS 15 to the amounts that would have been reported had the Company/Group continued to report in accordance with IAS 18, Revenue.

### (d) Changes in effective tax rate

Following a review of the effective tax rate in line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is disclosed within the Statement of Profit or Loss and Other Comprehensive Income and the income tax liability on the Statement of Financial Position.

### The effect of changes in effective tax rate

The financial statements have been restated retrospectively in accordance with IAS 8. Consequently, the Group has adjusted opening equity, deferred taxation liability and current tax liability as of Jan 1, 2016 and figures for 2017 have been restated as if new accounting policy has always applied.

| The effect on the statements of financial position are as follows: | THE G                          |                     |                                 |
|--|--------------------------------|---------------------|---------------------------------|
|  | Deferred<br>tax<br>liabilities | Owners' interest    | Non-<br>controlling<br>interest |
| Balance as reported at Jan 1, 2017                                 | MUR'M                          | MUR'M               | MUR'M                           |
| - As previously reported   | 78.8                           | 13,258.3            | 1,074.6                         |
| - Effect of changes in effective tax rate                          | 12.1                           | 0.2                 | (12.3)                          |
| - As restated  | 90.9                           | 13,258.5            | 1,062.3                         |
|  | THE G                          | ROUP                |                                 |
|  | Deferred<br>tax<br>liabilities | Owners'<br>interest | Non-<br>controlling<br>interest |
| Balance as reported at Jan 1, 2016                                 | MUR'M                          | MUR'M               | MUR'M                           |
| - As previously reported   | 117.0                          | 13,306.8            | 1,003.7                         |
| - Effect of changes in effective tax rate                          | 12.6                           | (0.3)               | (12.3)                          |

13,306.5

991.4

129.6

# THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES THE GROUP

|   | THE GROUP |                  |                               |  |  |
|---|-----------|------------------|-------------------------------|--|--|
|   | 2018      | Restated<br>2017 | At Jan 1,<br>Restated<br>2017 |  |  |
| STATEMENT OF PROFIT OR LOSS   | MUR'M     | MUR'M            | MUR'M                         |  |  |
| Turnover  | 5,079.3   | 5,087.3          | 4,860.5                       |  |  |
| Profit before taxation and associates' results                        | 85.9      | 218.3            | 381.0                         |  |  |
| Share of results of associates  | 203.9     | 42.3             | 52.4                          |  |  |
| Taxation  | (56.3)    | (15.2)           | (70.6)                        |  |  |
| Profit after taxation   | 233.5     | 245.4            | 362.8                         |  |  |
| Profit attributable to:   |           |                  |                               |  |  |
| Owners of the parent  | 121.5     | 86.6             | 213.9                         |  |  |
| Non Controlling interests   | 112.0     | 158.8            | 148.9                         |  |  |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME            |           |                  |                               |  |  |
| Profit after taxation   | 233.5     | 245.4            | 362.8                         |  |  |
| Other comprehensive income for the year net of tax                    | 585.1     | 27.7             | (3,593.3)                     |  |  |
| Total comprehensive income  | 818.6     | 273.1            | (3,230.5)                     |  |  |
| Total comprehensive income attributable to:                           |           |                  |                               |  |  |
| Owners of the parent  | 695.6     | 120.7            | (3,374.0)                     |  |  |
| Non controlling interests   | 123.0     | 152.4            | 143.5                         |  |  |
|   | 818.6     | 273.1            | (3,230.5)                     |  |  |
| Percentage of profit on shareholders' interest (%)                    | 0.9       | 0.5              | 1.6                           |  |  |
| Earnings per share (MUR)  | 0.53      | 0.38             | 0.96                          |  |  |
| Dividends proposed and paid   | 193.4     | 193.4            | 193.4                         |  |  |
| Dividend per share (MUR)  | 0.9       | 0.9              | 0.9                           |  |  |
| Dividend cover (times)  | 0.6       | 0.4              | 1.1                           |  |  |
| Net assets per share (MUR)  | 60.5      | 58.2             | 58.4                          |  |  |
| Weighted number of ordinary shares used in calculation (M)            | 227.5     | 227.5            | 227.5                         |  |  |
| Number of ordinary shares at end of year (M)                          | 227.5     | 227.5            | 227.5                         |  |  |
| STATEMENTS OF FINANCIAL POSITION                                      |           |                  |                               |  |  |
| Non-current assets  | 16,601.2  | 15,903.6         | 15,443.3                      |  |  |
| Current assets  | 2,847.5   | 2,794.3          | 2,769.6                       |  |  |
| Non-current assets classified as held-for-sale                        | 28.8      | 46.6             | 122.9                         |  |  |
| Total assets  | 19,477.5  | 18,744.5         | 18,335.8                      |  |  |
| Owners' interest  | 13,774.6  | 13,258.5         | 13,306.5                      |  |  |
| Non Controlling interests   | 1,052.5   | 1,062.3          | 991.4                         |  |  |
| Non-current liabilities   | 1,058.1   | 1,208.7          | 1,179.3                       |  |  |
| Current liabilities   | 3,559.0   | 3,207.6          | 2,856.3                       |  |  |
| Liabilities directly associated with non-current assets held for sale | 33.3      | 7.5              | 2.3                           |  |  |
| Total equity and liabilities  | 19,477.5  | 18,744.6         | 18,335.8                      |  |  |

- As restated



# Administrative

# DIRECTORS OF SUBSIDIARY COMPANIES

(pursuant to Section 221 of the Companies Act 2001)

|  | Beau Plan Cellars Ltd | Beau Plan Development Ltd | Beau Plan Retail Park Ltd | East Indies Company | Grays Distilling Ltd | Grays Inc. Ltd | Intendance Holding Ltd | International Brands Ltd | Ivoirel Ltée | Les Chais de L'Isle De France Ltée | Mon Rocher School Holding Ltd | Providence Warehouse Co. Ltd | Sagiterra Ltd | Sugarworld Ltd | Terra Brands Ltd | Terra Finance Ltd | Terra Foundation | Terravest Holding Ltd | Terra Milling Ltd | Terra Services Ltd | Terragen Ltd | Terragen Management Ltd | Terragri Ltd | Terrar C |
|--|-----------------------|---------------------------|---------------------------|---------------------|----------------------|----------------|------------------------|--------------------------|--------------|------------------------------------|-------------------------------|------------------------------|---------------|----------------|------------------|-------------------|------------------|-----------------------|-------------------|--------------------|--------------|-------------------------|--------------|----------|
| Directors  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Kavita Achameesing   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    | X            | •                       |              |          |
| François Boullé  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              | X        |
| Rémi Brousse de Gersigny Jocelyn de Chasteauneuf                   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              | X        |
| Louis Decrop   | X                     |                           |                           |                     | X                    | X              |                        | X                        |              | X                                  |                               | X                            |               |                | X                |                   |                  |                       |                   |                    | 77           | 77                      |              |          |
| Chy Chong Fong Wai Ching   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    | X            | X                       |              |          |
| Dominique Huet de Froberville                                      |                       |                           |                           |                     | X                    |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         | v            |          |
| Maurice de Marassé Enouf   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         | X            |          |
| Bernard Desvaux de Marigny   | X                     |                           |                           |                     | X                    | X              |                        |                          |              |                                    |                               |                              | **            |                | X                |                   |                  |                       | X                 |                    |              |                         | X            |          |
| Jean Claude Desvaux de Marigny                                     |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              | X             |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Jean Philippe Desvaux de Marigny  Jean Philippe Desvaux de Marigny |                       | X                         | X                         |                     |                      |                |                        |                          |              |                                    | X                             |                              |               | X              |                  |                   |                  |                       | X                 |                    |              |                         |              |          |
| Ramanand Ellapah   |                       | Α                         | Α.                        |                     |                      |                |                        |                          |              |                                    | Α.                            |                              |               | Α              |                  |                   |                  |                       | х                 |                    |              |                         |              |          |
| Nicolas Eynaud   |                       | X                         | X                         |                     |                      |                |                        |                          |              |                                    | X                             |                              | X             | X              |                  |                   |                  |                       | Α                 |                    |              |                         |              |          |
| Edwige Gufflet   |                       | Α                         | Α                         |                     |                      |                |                        |                          |              |                                    | Α                             |                              | Α             | X              |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Alexis Harel   | Х                     |                           |                           | X                   | X                    | X              |                        | X                        |              | X                                  |                               | X                            |               | A              | X                |                   | X                |                       | X                 |                    |              |                         | X            |          |
| Didier Harel   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         | X            |          |
| Henri Harel  | X                     | X                         | X                         |                     | X                    | X              | X                      |                          | X            |                                    |                               |                              | X             |                | Х                | X                 | X                | X                     | X                 | X                  | X            | X                       | X            |          |
| Hubert Harel   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         | •            |          |
| Jean Marc Jauffret   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              | X        |
| Louis Denis Koenig   |                       | X                         | х                         |                     | х                    |                |                        |                          |              |                                    |                               |                              | х             | х              |                  | х                 | Х                |                       |                   | Х                  | Х            |                         |              |          |
| Pascal Langeron  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    | X            | X                       |              |          |
| Jacques Li Wan Po  |                       |                           |                           |                     | X                    |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| James Li Yuen Fong   |                       |                           |                           |                     | X                    |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Nicolas Maigrot  | X                     |                           |                           |                     | X                    | X              | X                      |                          | X            |                                    |                               |                              | X             | X              | X                | •                 | X                | X                     | X                 | X                  | X            | X                       | X            | X        |
| Sebastien Mamet  |                       |                           |                           |                     |                      |                | X                      |                          | X            |                                    |                               |                              |               |                |                  |                   |                  |                       | X                 | X                  | X            | X                       |              |          |
| Yousouf Oodally  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               | X              |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Nardus Oosthuizen  | X                     |                           |                           |                     |                      | X              |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Yoowaraj Parsan  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       | X                 |                    |              |                         |              |          |
| Feroze Peerboccus  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    | X            |                         |              |          |
| Christophe Quevauvilliers  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              | X        |
| Fakeerasing Ramchurn   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       | X                 |                    |              |                         |              |          |
| Alain Rey  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  | X                 | X                |                       |                   |                    |              |                         | X            |          |
| Bernard Robert   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    | X            | X                       |              |          |
| Vincent Rogers   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              | X        |
| Julien Rousset   | v                     |                           |                           |                     |                      | v              |                        |                          |              |                                    |                               |                              |               |                |                  | X                 |                  | X                     |                   |                    |              |                         |              |          |
| George Schooling Patrick Tao Kong Man                              | X                     |                           |                           |                     | •                    | X              |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Stephane Thomas  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               | v                            |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Nikhil Treebhoohun   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               | X                            |               |                |                  |                   |                  |                       |                   |                    |              |                         | X            |          |
| Stéphane Ulcoq   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         | -1           | Х        |
| Lawrence Van Tang Yan  |                       |                           |                           |                     | •                    |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              | A        |
| Alain Vallet   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               | X              |                  |                   |                  |                       | х                 |                    |              |                         | х            | Х        |
| Margaret Wong Ping Lun   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         | X            |          |
| Colin Whiting  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               | X                            |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
|  |                       |                           | -                         |                     |                      |                |                        |                          |              | -                                  |                               |                              | -             |                |                  |                   |                  |                       |                   |                    |              |                         |              | _        |
| Alternate Directors  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |
| Jean Michel Gérard   |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    | X            |                         |              |          |
|  |                       |                           |                           |                     |                      |                |                        |                          |              |                                    |                               |                              |               |                |                  |                   |                  |                       |                   |                    |              |                         |              |          |

| Jea | II-Flerre Lagarde             |  |
|-----|-------------------------------|--|
| х   | In office at 31 December 2018 |  |

<sup>•</sup> Ceased to hold office during the year ended 31 December 2018

# GROUP STRUCTURE

| Effective<br>Holding | Date of<br>Aquisition<br>by the Group | Classification of Activities | TERRA MA      | URICIA I                     | TD   |                         |              |   |
|----------------------|---------------------------------------|------------------------------|---------------|------------------------------|--|-------------------------|--------------|---|
| 100%                 | 2012                                  | 182                          | :<br>• 100%   | TERRAGRI LTD                 |  |                         |              |   |
| 80.00%               | 1995                                  | 3                            | :             | 80 00%                       | TERRA MILLING LTD                          |                         |              |   |
| 51.00%               | 1998                                  | 9                            | :             |                              | TERRAGEN LTD                               |                         |              |   |
| 15.43%               | 1998                                  | 1                            |               | :                            | • 30.26% COALT                             | ERMINAL ( MANAGEMENT    | T ) CO. LTD  |   |
| 17.85%               | 2014                                  | 9                            |               |                              | :  | AL VALORISATION CO LTI  |              |   |
| 61.75%               | 1998                                  | 1                            |               |                              | TERRAGEN MANAGEME                          |                         |              |   |
| 40.00%               | 2016                                  | 8<br>10                      |               |                              | BEAU PLAN CAMPUS LT<br>BEAU PLAN DEVELOPMI |                         |              |   |
| 100%<br>100%         | 2017<br>2018                          | 10                           | :             | 9 100%                       |  | PLAN RETAIL PARK LTD    |              |   |
| 100%                 | 2017                                  | 10                           |               | :<br>9 100%                  | MON ROCHER SCHOOL                          | HOLDING LTD             |              |   |
| 95.24%               | 2012                                  | 12                           | • 95.24%      | SUGARWORLD 1                 | TD   |                         |              |   |
| 100%                 | 2001                                  | 10                           | •             | SAGITERRA LTD                |  |                         |              |   |
| 100%                 | 1997                                  | 1.a                          | • 100%<br>:   | IVOIREL LIMITE               |  |                         |              |   |
| 25.50%               | 1997                                  | 2.a & 3.a<br>1               |               |                              | SUCRIVOIRE S.A.                            |                         |              |   |
| 100%                 | 1960                                  | 1                            | • 100%<br>:   | TERRA BRANDS                 |  |                         |              |   |
| 74.00%               | 2006                                  | 5 & 6                        | :             | § 74.00%                     | GRAYS INC. LTD                             |                         |              |   |
| 37.00%               | 2008                                  | 6                            |               |                              | :  | ENCE WAREHOUSE CO. L'   | .TD          |   |
| 74.00%               | 2009                                  | 6                            |               |                              | • 100% EAST IN                             |                         |              |   |
| 74.00%<br>22.20%     | 2016<br>2015                          | 1.a<br>5                     |               | :                            | • 100% INTERN                              | IATIONAL BRANDS LTD     |              |   |
| 37.00%               | 2016                                  | 5                            |               |                              | • 50.00% BELLE V                           |                         |              |   |
| 74.00%               | 2017                                  | 13                           |               | :                            | • 100% BEAU PI                             | LAN CELLARS LTD         |              |   |
| 24.50%               | 2000                                  | 1                            |               | :<br>24.50%                  | NEW FABULOUS INVEST                        | MENT LTD                | :            |   |
| 24.50%               | 2000                                  | 1                            | :             | <b>24.50%</b>                | ANYTIME INVESTMENT                         | LTD 30.00%              | 30.00%       |   |
| 33.33%               | 2000                                  | 5                            | :             | :                            | NEW GOODWILL CO. LT                        | D                       |              |   |
| 66.66%               | 1998                                  | 4                            |               | •                            | GRAYS DISTILLING LTD                       |                         |              |   |
| 66.66%               | 2011                                  | 1                            |               | § 66.66%                     | SOCIETE EVAPO                              |                         |              |   |
| 33.33%               | 2010                                  | 4.a                          |               |                              | • 50.00% TOPTER                            |                         |              |   |
| 33.33%               | 1996                                  | 1                            | :             | § 33.33%<br>:                | DISTILLERIE DE BOIS RC                     |                         |              |   |
| 33.33%               | 1996                                  | 4                            |               |                              |  | E DE DISTILLATION DE ST | ANTOINE ET B | OIS ROUGE   |
| 100%<br>83.34%       | 2005<br>1990                          | 6<br>1                       | :             | SOCIETE PROBA                | LES CHAIS DE L'ISLE DE                     | FRANCE LIMITEE          |              |   |
|                      |                                       | _                            | 63.34%        |                              |  |                         |              |   |
| 45.00%               | 1990                                  | 7                            | :             |                              | TERRAROCK LTD                              |                         |              |   |
| 75.00%               | 2000                                  | 12<br>12                     |               | FONDATION NE<br>TERRA FOUNDA |  |                         |              |   |
| 100%<br>50.00%       | 2010<br>2006                          | 1                            |               | HORUS LTEE                   | 11014                                      |                         |              |   |
|                      |                                       |                              | :             | ÷ 18.27%                     |  |                         |              |   |
| 15.18%               | 2006                                  | 5                            | · 6.04%       | UNITED DOCKS                 | LTD  |                         | Classif      | ication of companies' main activities:                |
|                      |                                       |                              |               | ÷ 26.54%                     |  |                         | Classii      | reaction of companies main activities.                |
| 18.47%               | 1978                                  | 1                            | • 14.44%      | SOCIETE DE LEI               | RCA  |                         | 1.           | Investment, management and other services             |
| 26.10%               | 1978                                  | 1                            | :<br>• 16 77% |                              | & CO ITD                                   |                         | 1.a          | Investment, management and other services (off-shore) |
| 100%                 | 2004                                  | 1                            | •             | TERRA SERVICE                |  |                         | 2.           | Sugar cane cultivation                                |
| 100%                 | 2012                                  | 1                            | • 100%        | TERRA FINANCI                | ELTD                                       |                         | 2.a          | Sugar cane cultivation (abroad)                       |
| 100%                 | 2015                                  | 1                            | • 100%        | TERRAVEST HO                 | LDING LIMITED                              |                         | 3.           | Sugar milling   |
| 26.67%               | 2014                                  | 15                           |               | £ 26.67%                     | TERRAVEST LIMITED                          |                         | 3.a          | Sugar milling (abroad)                                |
| 100%                 | 1982                                  | 1                            |               |                              | OLDING LTD                                 | <b>7</b> .00/           | 4.           | Distillery/refinery                                   |
| 34.02%               | 1972                                  | 11                           | • 0.54%       | SWAN GENERAL                 | LTD 43                                     | 3.48%                   | 4.a          | CMS production  |
| 28.14%               | 1953                                  | 11                           | :             | · 82.72%                     | SWAN LIFE LTD                              |                         | 5.           | Bottling  |
| 41.87%               | 1961                                  | 13                           |               |                              | MOLASSES EXPORT LTD                        |                         | 6.           | Distribution  |
| 35.49%               | 1991                                  | 7                            |               |                              | R CONSTRUCTION CO. L                       | .TD                     | 7.           | Construction and engineering                          |
| 35.49%<br>50.00%     | 2012<br>2010                          | 8                            |               | COMMADA LIM                  | R PROPERTIES LTD                           |                         | 8.           | Lessor of land and buildings                          |
| 29.03%               | 2010                                  | 1                            |               | UNITED INVEST                |  |                         | 9.           | Energy production                                     |
| 24.50%               | 2015                                  | 1                            |               |                              | PARTNERS LTD                               |                         | 10.          | Land development and property consultancy             |
| 52.78%               | 2015                                  | 1 & 1.a                      |               | INSIDE EQUITY                |  |                         | 11.          | Insurance   |
| 27.83%               | 2015                                  | 1                            |               | PAYMENT EXPR                 |  |                         | 12.<br>13.   | Cultural / CSR  |
| 33.33%               | 2015                                  | 1                            | • 33.33%      | SOCIETE M.S.P.A              | A. ET CIE (RTC)                            |                         | 13.          | Commodity trading Financial services                  |
|                      |                                       |                              |               |                              |  |                         | 15.          | Industry  |
|                      |                                       |                              |               |                              |  |                         | 20.          |   |

# LIST OF ACRONYMS

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| AFNOR           | Association Française de Normalisation   |
|-----------------|--|
|                 |  |
| AMCO            | Alcohol & Molasses Export Ltd  |
| BOM             | Bank of Mauritius  |
| CEB             | Central Electricity Board  |
| CO <sub>2</sub> | Carbon Dioxide   |
| COLA            | Cost of Living Allowance   |
| CSR             | Corporate Social Responsibility  |
| CWA             | Central Water Authority  |
| EPA             | Environment Protection Act   |
| EU              | European Union   |
| EUR             | Euro   |
| FSA             | Financial Services Act   |
| FSC             | Financial Services Commission  |
| GDP             | Gross Domestic Product   |
| GIS             | Geographic Information System  |
| GRI             | Formerly 'Global Reporting Initiative'   |
| GHG             | Greenhouse Gas   |
| GJ              | Giga Joules  |
| GWh             | Giga Watt per hour   |
| HACCP           | Hazard Analysis and Critical Control Points  |
| HIV             | Human Immunodeficiency Virus   |
| ILO             | International Labour Organisation  |
| IPCC            | Intergovernmental Panel on Climate Change  |
| IPP             | Independent Power Producer   |
| ISO             | International Organisation for Standardisation   |
| KWh             | Kilo Watt per hour   |
| KPI             | Key performance indicator  |
| LMC             | LMC International Ltd  |
| LEAD            | Leadership and Empowerment for Action and Development                                  |
| MCIA            | Mauritius Cane Industry Authority  |
| MIOD            | Mauritius Institute of Directors   |
| MSPA            | Mauritius Sugar Producers Association  |
| MSS             | Mauritius Sugar Syndicate  |
| MUR             | Mauritian Rupee  |
| MW              | Mega Watt  |
| NGO             | Non-Governmental Organisation  |
| NO <sub>x</sub> | Nitrous Oxide  |
| NPCC            | National Productivity and Competitiveness Council                                      |
| OHSAS           | Occupational Health and Safety Management System                                       |
| OSH             | Occupational Safety and Health   |
| QSE             | Quality, Security and Environment  |
| SAFIRE          | Service d'Accompagnement, de Formation, d'Intégration et de Réhabilitation de l'Enfant |
| SEDEX           | Supplier Ethical Data Exchange   |
| SEM             | Stock Exchange of Mauritius  |
| SIFB            | Sugar Insurance Fund Board   |
| SIFCA           | Société Immobilière et Financière de la Côte Africaine                                 |
| SO <sub>2</sub> | Sulphur Dioxide  |
| TIPA            | Terrain for Interactive Pedagogy through Arts  |
|                 |  |

# CORPORATE INFORMATION

### **REGISTERED OFFICE**

Beau Plan Business Park Pamplemousses 21001 Republic of Mauritius Telephone: (230) 204 0808 Telefax: (230) 243 6363 E-mail: terra@terra.co.mu Website: www.terra.co.mu

### **SECRETARY**

Terra Services Ltd Beau Plan Business Park Pamplemousses 21001 Republic of Mauritius Telephone: (230) 204 0808 Telefax: (230) 243 6363 E-mail: terra@terra.co.mu

### **AUDITORS**

BDO & Co (Chartered Accountants)

### MAIN BANKERS

The Mauritius Commercial Bank Limited The State Bank of Mauritius Limited Barclays Bank Mauritius Limited AfrAsia Bank Limited Banque des Mascareignes Ltée Bank One Ltd

### CANE

### Terragri Ltd / Terra Milling Ltd

Belle Vue Mauricia
Mapou 31806
Republic of Mauritius
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Telefax: (230) 266 1985
E-mail: terragri@terra.co.mu /
terramilling@terra.co.mu

### **POWER**

### Terragen Ltd

Belle Vue - Mauricia Mapou 31806 Republic of Mauritius Telephone: (230) 266 1226 Telefax: (230) 266 8013 E-mail: terragen@terragen.mu

### Terragen Management Ltd

Beau Plan Business Park Pamplemousses 21001 Republic of Mauritius Telephone: (230) 204 0808 Telefax: (230) 243 6363 E-mail: terragen@terragen.mu

### **BRANDS**

### Grays Inc. Ltd

Beau Plan Pamplemousses 21001 Republic of Mauritius Telephone: (230) 209 3000 Telefax: (230) 243 3664 E-mail: grays@grays.mu

### **Grays Distilling Ltd**

Beau Plan
Pamplemousses 21001
Republic of Mauritius
Telephone (230) 243 3734
Telefax: (230) 243 3733
E-mail: distilling@grays.mu

### **CORPORATE SOCIAL RESPONSIBILITY**

### **Terra Foundation**

Beau Plan Business Park Pamplemousses 21001 Republic of Mauritius Telephone: (230) 204 0808 Telefax: (230) 243 1836 E-mail: foundation@terra.co.mu

### PROPERTY AND LEISURE

### Novaterra

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### Sugarworld Ltd – L'Aventure du Sucre

Beau Plan Pamplemousses 21001 Republic of Mauritius Telephone: (230) 243 7900

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Website: www.aventuredusucre.com

# STONE CRUSHING AND BLOCK MAKING

### Terrarock Ltd

Royal Road Fond du Sac 20601 Republic of Mauritius Telephone: (230) 266 1355 Telefax: (230) 266 9045 E-mail: proban@intnet.mu

### FINANCE

### **Terra Finance Ltd**

Beau Plan Business Park Pamplemousses 21001 Republic of Mauritius Telephone: (230) 204 0808 Telefax: (230) 243 9675

E-mail: terrafinance@terra.co.mu

## NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of the shareholders of TERRA Mauricia Ltd ('Terra') will be held at Auditorium Paul Eynaud, L'Aventure du Sucre, Beau Plan, Pamplemousses, on WEDNESDAY 26 JUNE 2019 at 2.00 p.m. to transact the following business:

- 1. To consider the Annual Report for the year ended 31 December 2018.
- 2. To receive the report of the auditors on the audited financial statements of Terra for the year ended 31 December 2018.
- 3. To consider and approve the audited financial statements of Terra for the year ended 31 December 2018.

### **Ordinary Resolution**

- "Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2018 be and are hereby approved".
- 4. To consider and approve by way of Ordinary Resolutions pursuant to clause 32 of the amended and restated constitution of Terra, the following matters pertaining to Terragri Ltd ('Terragri'):
- 4.1 the audited financial statements of Terragri for the year ended 31 December 2018.

### **Ordinary Resolution**

- "Resolved that the audited financial statements of Terragri for the year ended 31 December 2018 be and are hereby approved".
- 4.2 the re-election, pursuant to Clause 20.2 of the constitution of Terragri and Section 138 (6) of the Companies Act 2001, of Mr Maurice de Marassé Enouf as director of Terragri until the next Annual Meeting of shareholders of Terragri.

### **Ordinary Resolution**

- "Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri."
- 4.3 the re-election, pursuant to clauses 20.2 and 20.5.4 of the constitution of Terragri of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terragri (as separate resolutions):
  - (i) Mr Didier Harel
  - (ii) Mr Henri Harel

### **Ordinary Resolution**

- "Resolved that the following persons be and are hereby re-elected as directors of Terragri (as separate resolutions):
  - (i) Mr Didier Harel
  - (ii) Mr Henri Harel
- 4.4 the election of Mr Pascal Raffray as director of Terragri:

### **Ordinary Resolution**

- "Resolved that Mr Pascal Raffray be and is hereby elected as director of Terragri."
- 4.5 the appointment of KPMG as auditors of Terragri under section 195 of the Companies Act 2001 and the authorisation by way of Ordinary Resolution to the Board of Terragri to fix their remuneration.

### **Ordinary Resolution**

- "Resolved that the appointment of KPMG as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terragri be and is hereby authorised to fix their remuneration."
- 5. To authorise by way of Ordinary Resolution the Board of directors of Terra in its capacity as representative of Terra, the sole shareholder of Terragri, to implement the resolutions referred to at paragraphs 4.1 to 4.5 above at the Annual Meeting of Terragri.

### **Ordinary Resolution**

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"Resolved that the Board of Terra, in its capacity as representative of Terra, the sole shareholder of Terragri, be and is hereby authorised to implement the resolutions passed pursuant to paragraphs 4.1 to 4.5 above at the Annual Meeting of Terragri."

- 6. To consider and approve by way of Ordinary Resolutions the following matters pertaining to Terra:
- 6.1 The re-election, pursuant to clause 20.2 of the amended and restated constitution of Terra and Section 138 (6) of the Companies Act 2001, of Mr Maurice de Marassé Enouf as director of Terra until the next Annual Meeting of shareholders of Terra.

### **Ordinary Resolution**

- "Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra."
- 6.2 the re-election pursuant to clauses 20.2 and 20.5.4 of the amended and restated constitution of Terra of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terra (as separate resolutions):
  - (i) Mr Didier Harel
  - (ii) Mr Henri Harel

### **Ordinary Resolution**

"Resolved that the following persons be and are hereby re-elected as directors of Terra (as separate resolutions):

- (i) Mr Didier Harel
- (ii) Mr Henri Harel
- 6.3 the election of Mr Pascal Raffray as director of Terra:

### **Ordinary Resolution**

"Resolved that Mr Pascal Raffray be and is hereby elected as director of Terra."

6.4 to fix for the period starting from 1<sup>st</sup> July 2019 and ending on 30 June 2020, the fees of (i) the directors of Terra at MUR 32,500 per month and MUR 19,500 per Board sitting; and (ii) the Chairperson of Terra at MUR 65,000 per month and MUR 39,000 per Board sitting, pursuant to clause 23.1 of the amended and restated constitution of Terra.

### **Ordinary Resolution**

- "Resolved that the fees for the period from 1st July 2019 to 30 June 2020 be and are hereby fixed at MUR 32,500 per month and MUR 19,500 per Board sitting for the directors of Terra; and MUR 65,000 per month and MUR 39,000 per Board sitting for the Chairperson of Terra."
- 7. To approve the appointment of KPMG as auditors under section 195 of the Companies Act 2001 and authorise by way of Ordinary Resolution the Board of Terra to fix their remuneration.

### **Ordinary Resolution**

- "Resolved that the appointment of KPMG as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terra be and is hereby authorised to fix their remuneration."
- 8. Question time.

### By order of the Board

Terra Services Ltd Secretary

Dated this 09th day of May 2019

### Notes:

- a. A shareholder of Terra entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post.
- b. The appointment of proxy must be made in writing on the enclosed form and the document should reach the registered office of Terra, Beau Plan Business Park, Pamplemousses 21001, not less than twenty-four (24) hours before the time of holding the meeting, and in default, the instrument of proxy shall not be treated as valid. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

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- c. The notice for casting a postal vote must be made in writing on the enclosed form and sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of directors of Terra to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of Terra, Beau Plan Business Park, Pamplemousses 21001, not less than forty-eight (48) hours before the time of holding the meeting, and in default, the notice of postal vote shall not be treated as valid.
- d. For the purpose of the above Annual Meeting, the directors have resolved, in compliance with section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend the meeting shall be those shareholders whose names are registered in the share register of Terra as at 28th May 2019.
- e. The audited financial statements of Terragri for the year ended 31 December 2018 are available for inspection during normal business hours at the registered office of Terra, Beau Plan Business Park, Pamplemousses.
- f. A short biographic note on each director, including those proposed to be elected or re-elected, can be found on pages 54 and 55 of the Annual Report.

# TERRA MAURICIA LTD (the "Company")

### PROXY/CASTING POSTAL VOTE FORM\*

**APPOINTMENT OF PROXY\*** (see notes a, b and c overleaf)

| I/We   |     |         |                        |
|--|-----|---------|------------------------|
| of   |     |         |                        |
| appoint  |     |         |                        |
| of   |     |         | or                     |
| failing him/her,   |     |         |                        |
| of   |     |         |                        |
| or the Chairperson as my/our proxy to vote for me/us at the <b>Annual Meeting</b> of at any adjournment thereof. The proxy will vote on the under-mentioned resolu   |     | -       | <b>6 June 2019</b> and |
| CASTING POSTAL VOTES* (see note b and d overleaf)  |     |         |                        |
| I/We   |     |         |                        |
| of   |     |         |                        |
| being shareholder/s of the above named company desire my/our vote/s to be c Annual Meeting of the Company to be held on Wednesday 26 June 2019 and at  |     |         | esolutions at the      |
|  | For | Against | Abstain                |
| Resolution 3 Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2018 be and are hereby approved.  |     |         |                        |
| <b>Resolution 4.1</b> Resolved that the audited financial statements of Terragri Ltd for the year ended 31 December 2018 be and are hereby approved.   |     |         |                        |
| <b>Resolution 4.2</b> Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri.  |     |         |                        |
| <b>Resolution 4.3</b> Resolved that the following persons be and are hereby re-elected as directors of Terragri (as separate resolutions):   |     |         |                        |
| (i) Mr Didier Harel  |     |         |                        |
| (ii) Mr Henri Harel  |     |         |                        |
| <b>Resolution 4.4</b> Resolved that Mr Pascal Raffray be and are hereby elected as director of Terragri.   |     |         |                        |
| <b>Resolution 4.5</b> Resolved that the appointment of KPMG as auditors under section 195 of the Companies Act 2001 be and is hereby approved and that the Board of Terragri be and is hereby authorised to fix their remuneration.  |     |         |                        |
| <b>Resolution 5</b> Resolved that the Board of Terra, in its capacity as representative of Terra, the sole shareholder of Terragri, be and is hereby authorised to implement the resolutions passed pursuant to paragraphs 4.1 to 4.5 above at the Annual Meeting of Terragri. |     |         |                        |

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<sup>\*</sup> Please fill-in either the proxy section or the postal vote one, but not both.

# TERRA MAURICIA LTD (the "Company")

### PROXY/CASTING POSTAL VOTE FORM

|                    |  | For                   | Against                      | Abstain           |  |  |
|--------------------|--|-----------------------|------------------------------|-------------------|--|--|
| Res                | blution 6.1  blued that Mr Maurice de Marassé Enouf be and is hereby re-elected irector of Terra to hold office until the next Annual Meeting of Terra.  |                       |                              |                   |  |  |
| Res<br>of 7        | plution 6.2 blved that the following persons be and are hereby re-elected as directors ferra (as separate resolutions):  Ar Didier Harel   |                       |                              |                   |  |  |
| (ii)               | Mr Henri Harel   |                       |                              |                   |  |  |
|                    | plution 6.3 plyed that Mr Pascal Raffray be and is hereby elected as director of ra.   |                       |                              |                   |  |  |
| Res<br>be a<br>Boa | olution 6.4 olved that the fees for the period from 1st July 2019 to 30 June 2020 and are hereby fixed at MUR 32,500 per month and MUR 19,500 per rd sitting for the directors of Terra; and MUR 65,000 per month and R 39,000 per Board sitting for the Chairperson of Terra.   |                       |                              |                   |  |  |
| Res<br>the         | <b>Polytion 7</b> Delived that the appointment of KPMG as auditors under section 195 of Companies Act 2001 be and is hereby approved and that the Board of as be and is hereby authorised to fix their remuneration.   |                       |                              |                   |  |  |
| Signe              | d this day of June 2019.   |                       |                              |                   |  |  |
|                    |  |                       |                              |                   |  |  |
| Signa              | ture(s)  |                       |                              |                   |  |  |
| NOT                | ES:  |                       |                              |                   |  |  |
|                    | If this form is signed and returned without any indication as to how the proper votes and whether or not he abstains from voting.  | roxy shall vote, he v | will exercise his discretion | on both as to how |  |  |
|                    | According to law, an abstention is not considered as a vote and will not be counted in the calculation of the proportion of votes for and against a resolution.  |                       |                              |                   |  |  |
| 1                  | To be effective, this form of proxy should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.  |                       |                              |                   |  |  |
|                    | To be effective, this notice of postal vote should be sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of directors of the Company to receive and count the postal votes at the Annual Meeting and should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than forty-eight (48) hours before the time of holding the meeting. |                       |                              |                   |  |  |
|                    |  |                       |                              |                   |  |  |

# NOTES

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# **NOTES**

The Group is sensitive to the promotion and awareness of sound environmental practice and has decided to use recycled paper for its Annual Report. There is a list below of frequently asked questions explaining the benefits of using recycled paper. In 2015, the Board had already invited shareholders to receive the Annual Report in electronic format, in line with the Practice Directions issued by the Registrar of Companies on 30 May 2014 and 26 February 2015.

To date, some 55% of shareholders have agreed to this.

This publication was printed on **Lenza Green paper 100% recycled pulp**. The star-rating classification system under the Check Your Paper scheme, created by WorldWildlife Fund, describes the environmental performance levels of paper products. This scheme raises awareness on key environmental parameters to evaluate the forest, climate and water footprint of pulp and paper products. It assesses the environmental impacts if the pulp and paper produced. Lenza Green paper is rated five stars with regards to environmental performance: forests, climate change and aquatic ecosystems.

Source: WWF-Check Your Paper (2010)

http://checkyourpaper.panda.org accessed 14 May 2019.

### **FAQ on Lenza Green Paper**

### Is recycled paper better for the environment than virgin paper?

YES. Recycled paper helps the environment in a number of ways:

- Recycling helps preserve forest, reducing demand for wood.
- Recycling avoids accumulation of waste sites and incinerators, which generate CO<sub>2</sub> emissions.
- Recycling lengthens the lifespan of paper, since fibres can be recycled 4 to 5 times.
- Producing recycled paper requires around 2 times less energy and 3 times less water than paper made with virgin pulp.

### What Lenza Green paper made from?

Recycled paper produced of 100% recovered fibres certified FSC® (Forest Stewardship Council). FSC® is an international, non-governmental, non-profit making organization created in 1993.

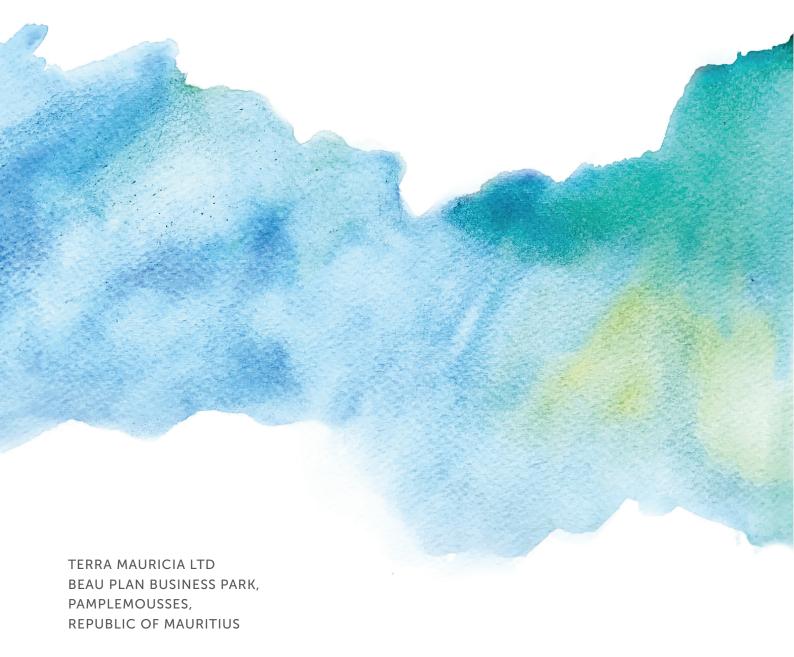
### How is Lenza Green paper manufactured?

It is manufactured without chlorine bleaching, high whiteness thanks to a special convertingprocess for recovered fibre.

### Why we choose Lenza Green paper?

Product exhibits high opacity and good sheet formation as well as maximum ageing resistance.

Excellent usability given on all types of processing machinery for application from envelopes to annual reports.



www.terra.co.mu