Sharing Common Ground

Terra Mauricia Ltd **Annual report 2013**

Annual report 2013

terra

For the future. From 1838

Dear Shareholder,

The Board of directors of Terra Mauricia Ltd (“Terra”) is pleased to present this Annual Report, which was approved on May 14, 2014. This Annual Report covers the activities of Terra and its subsidiaries for the year ended December 31, 2013.

On behalf of the Board of Directors, we invite you to join us at the Annual Meeting of Terra to be held:

Date: June 27, 2014

Time: 2.00 p.m.

Place: 7th floor, Harel Mallac Building, 18 Edith Cavell Street, Port-Louis

Yours faithfully,

Daniel Nairac
Chairman

Cyril Mayer
Managing Director

By printing this publication on Cocoon 100% recycled paper the environmental impact was reduced by:

- 725 kg of landfill
- 15,078 litres of water
- 1,389 kWh of electricity
- 107 kg of CO_2 and greenhouse gases
- 1,178 kg of wood

Source: Carbon footprint data evaluated by FactorX in accordance with the Bilan Carbone® methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available.

Results are obtained according to the technical information and are subject to modification.

Contents

Sharing common ground

Our collective strength has always come from a shared sense of purpose. This antique calculator gives to its users a pleasant grip and was very useful for the accountants in the past, allowing them to add, subtract, multiply and divide. Calculators evolved from large, heavy and prestigious machines to electronic, cheap and easy-to-use devices. The technology evolution is also part of Terra's history: since 1838, we've been cultivating common values, beliefs and ideals that extend beyond our work and into our communities, uniting us all in a better future. Every individual within the group has played a valuable part in making Terra what it is today. This annual report is a tribute to the continuous effort they always provide, so that we keep growing our success together for generations to come.

For the future. From 1838

175 years of passion, of devotion and diversification. 2013 was marked by the commemoration of Terra's origins with all those who have made it the solid and ambitious group it is today.

To get back to our roots, we have decided to organise a "cane cutting" activity as one of our key celebration events. This activity was a tribute to the splendid natural resources of Terra and to the hard work of generations of cane cutters. This historic first in Mauritius was very rewarding for our employees who have been amazed by the result of their work! Together, guided by their professional cane cutters colleagues, they created an outstanding illustration of the logo '175 Terra'.

A milestone celebration immortalised in this picture and forever engraved in our memories.

Group structure

terra
(Terra Mauricia Ltd)

Cane

Terragri Ltd- 100%*
Ivoirel Limit e - 100% *
Sucrivoire S.A. - 25.50%

Milling

Terra Milling Ltd - 80.00%

Power

Power generation
Terragen Ltd - 51.00%

Management services
Terragen Management Ltd 61.75%
Coal Terminal (Management) Co Ltd - 15.43%

Brands

Bottling and distribution
Terra Brands Ltd - 100%*
Grays Inc. Ltd - 74.00%*
Terralogic Ltd - 100%
Les Chais de l'Isle de France Limit e - 100%
Eco energy (Madagascar) - 80.00%**
East Indies Company - 74.00%
Providence Warehouse Co. Ltd - 18.50%
Les Domaines de Mauricia Limit e - 50.00%
Anytime Investment Ltd - 24.50%
New Fabulous Investment Ltd - 24.50%
New Goodwill Co. Ltd - 33.33%
Rum Distributors Ltd - 33.33%

Distillery
Grays Distilling Ltd - 66.67%*
Soci t Evapo - 66.67%*
Topterra Ltd - 33.33%
Distillerie de Bois Rouge Ltd - 33.33%*
Soci t de Distillation de St Antoine et Bois Rouge33.33%**

Property Management & Construction

Sagiterra Ltd - 100%
Soci t Proban - 83.34%*
Terrarock Ltd - 45.00%
Rehm Grinaker Construction co ltd - 35.49%
Rehm Grinaker Properties Ltd - 35.49%

Finance

Terra Finance Ltd - 100%
AceTer Global Ltd - 79.00%
Intendance Holding Ltd - 44.95%*
Swan Insurance Co. Ltd - 33.48%

Leisure

Sugarworld - 95.24%

Investments

Administration
Terra Services Ltd - 100%

Corporate Social Responsibility
Terra Foundation - 100%

Cultural
Foundation Nemours Harel - 75.00%

Telecommunications
Commada Ltd - 50.00%*

Property
Les Bureaux R unis Ltd - 50.00%
Horus Lt e - 50.00%*

Commerce
Harel Mallac & Co Ltd - 26.03%

Commodity Trading
Alcohol & Molasses Export Ltd - 41.87%

Investment Holding
United Investments Ltd - 29.03%

N.B.: Percentage indicated above are in respect of effective holding.
The growing activities of the cane segment are owned directly by Terragri Ltd.
*: Holding entity.
**: Dormant company.

Subsidiaries
Associates

PAMPLEMOUSSES PRODUCTION

Financial highlights (group)

Turnover

Profit after taxation

*: The exchange rates used are those for the year 2013 as displayed on page 13.

TURNOVER

	MUR' M	EUR' M*	USD' M*
2009	**3,246.9**	77.11	106.13
2010	**3,643.3**	86.52	119.08
2011	**4,222.7**	100.28	138.02
2012	**4,185.5**	99.40	136.80
2013	**4,078.0**	96.84	133.29

PROFIT AFTER TAXATION

	MUR' M	EUR' M*	USD' M*
2009	**363.5**	8.63	11.88
2010	**400.2**	9.50	13.08
2011	**760.6**	18.06	24.86
2012	**653.7**	15.52	21.37
2013	**472.6**	11.22	15.45

DIVIDEND PER SHARE

	MUR	EUR*	USD*
2009	**0.70**	0.017	0.023
2010	**0.70**	0.017	0.023
2011	**0.80**	0.019	0.026
2012	**0.80**	0.019	0.026
2013	**0.80**	0.019	0.026

NET ASSETS PER SHARE

	MUR	EUR*	USD*
2009	**38.90**	0.924	1.271
2010	**50.30**	1.195	1.644
2011	**52.60**	1.249	1.719
2012	**72.40**	1.719	2.366
2013	**72.35**	1.718	2.365

EARNINGS PER SHARE

	MUR	EUR*	USD*
2009	**1.39**	0.033	0.045
2010	**1.14**	0.027	0.037
2011	**2.56**	0.061	0.084
2012	**2.20**	0.052	0.072
2013	**1.60**	0.038	0.052

Dividend per share

Net assets per share

Earnings per share

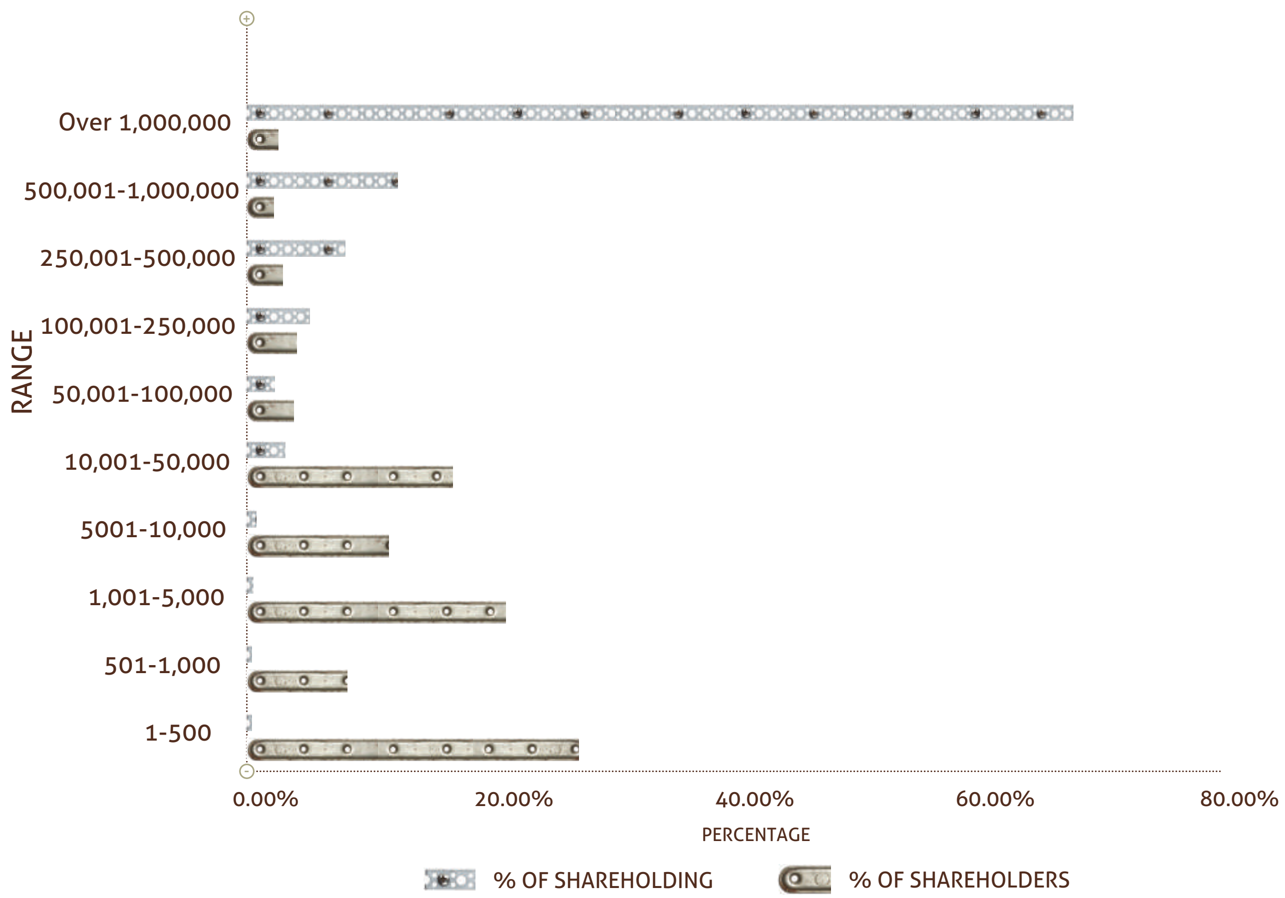
Share analysis

Distribution of shareholders of Terra Mauricia Ltd at December 31, 2013

Range of shareholding

RANGE OF SHAREHOLDERS	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	501	27.05%	92,911	0.04%
501 - 1,000	151	8.15%	129,148	0.06%
1,001 - 5,000	392	21.17%	1,084,963	0.48%
5,001 - 10,000	214	11.56%	1,573,899	0.69%
10,001 - 50,000	315	17.01%	7,042,890	3.09%
50,001 - 100,000	69	3.72%	4,971,723	2.18%
100,001 - 250,000	74	3.99%	11,641,450	5.12%
250,001 - 500,000	52	2.81%	18,215,349	8.01%
500,001 - 1,000,000	39	2.11%	28,203,547	12.39%
Over 1,000,000	45	2.43%	154,589,744	67.94%
TOTAL	**1,852**	**100.00%**	**227,545,624**	**100.00%**

Relative comparison between range of shareholders and shareholding



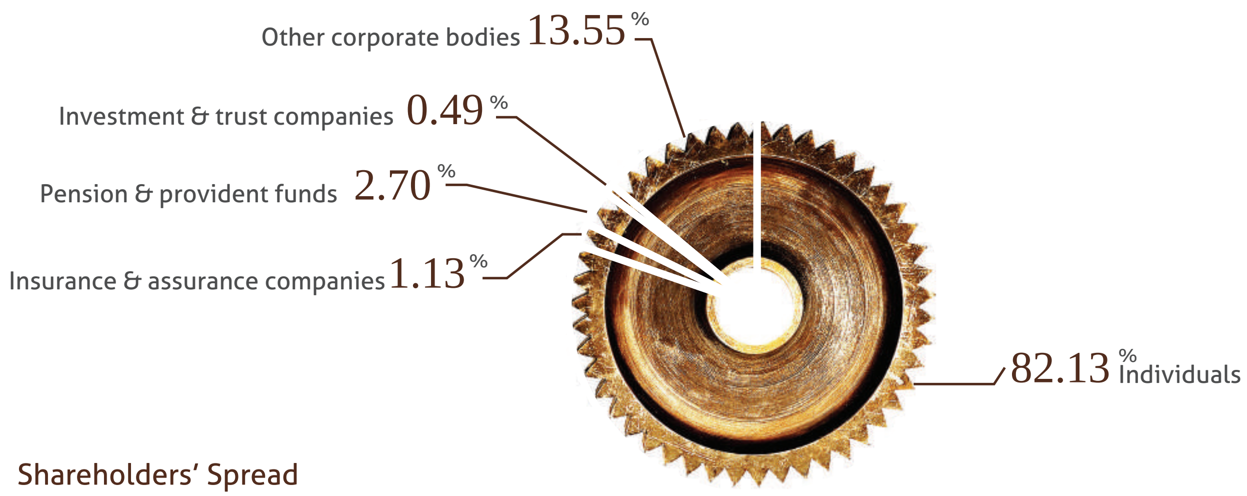
Share analysis (cont'd)

Shareholders' spread

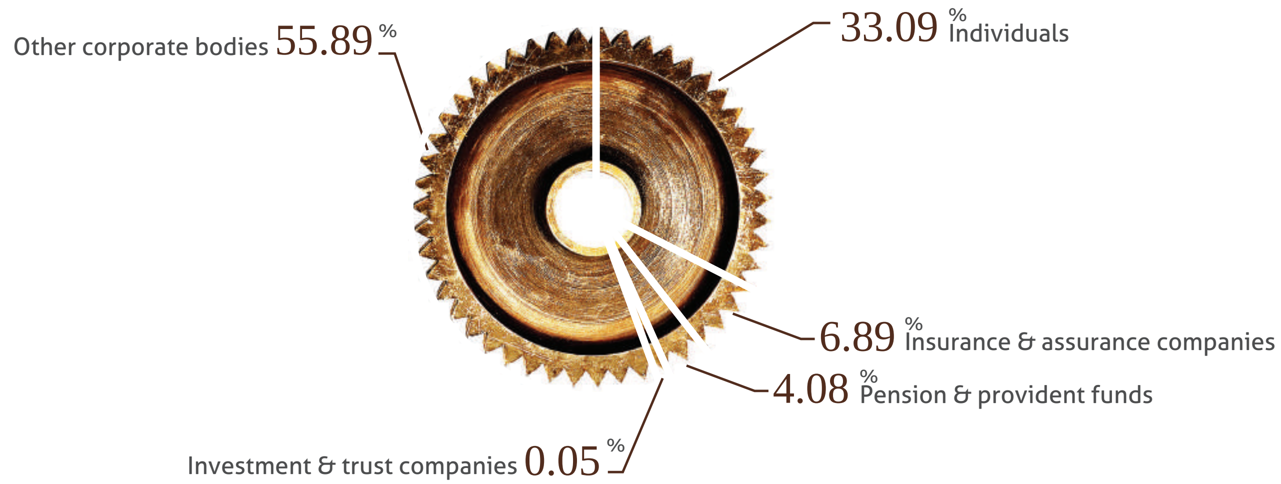
To the best knowledge of the directors, the spread of shareholders at December 31, 2013 was as follows:

	SHAREHOLDERS		SHARES HELD	
	Number	%	Number	%
Individuals	1,521	82.13	75,296,405	33.09
Insurance & assurance companies	21	1.13	15,676,244	6.89
Pension & provident funds	50	2.70	9,291,156	4.08
Investment & trust companies	9	0.49	101,582	0.05
Other corporate bodies	251	13.55	127,180,237	55.89
	1,852	**100.00**	**227,545,624**	**100.00**

Distribution of shareholders

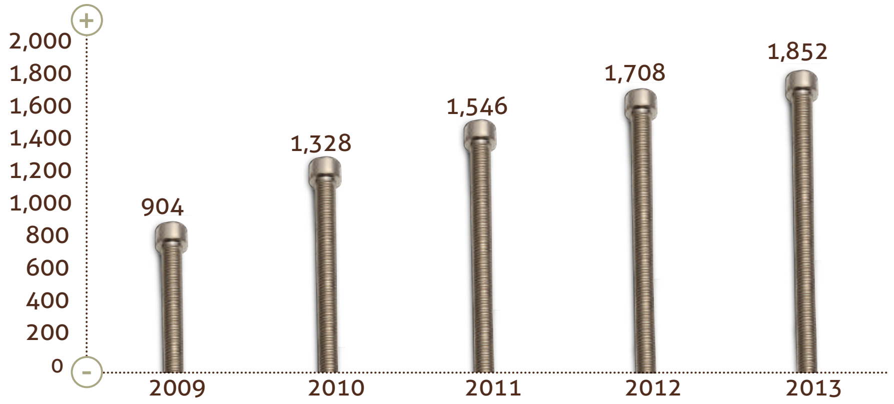


Shareholders' Spread



Number of shareholders

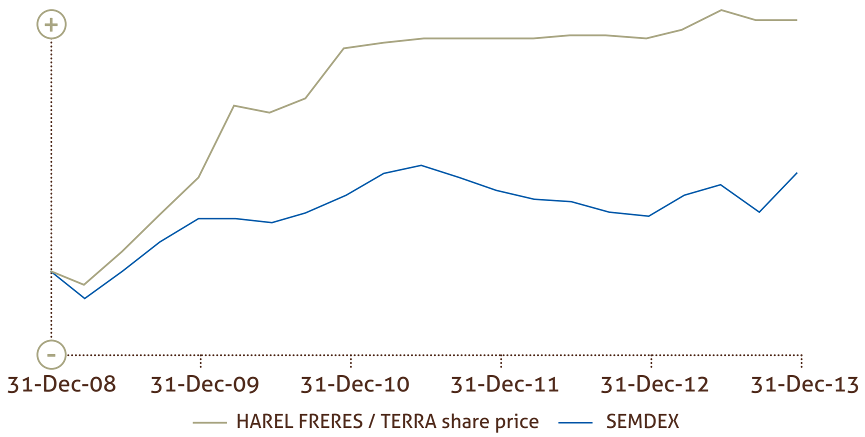
EVOLUTION IN THE NUMBER OF SHAREHOLDERS AS AT DECEMBER 31, 2013



The number of shareholders of Terra was 1,876 as at April 30, 2014

Stock Exchange performance

Relative quarterly movement of Semdex and Harel Frères / Terra share price



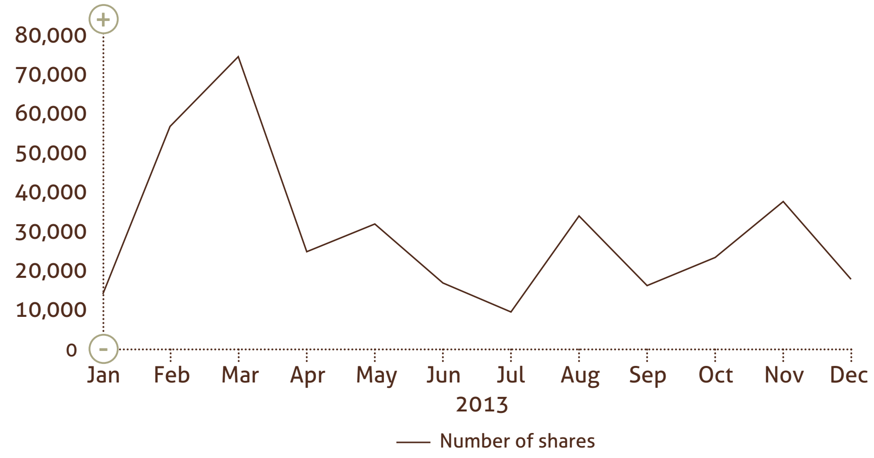
	2009	2010	2011	2012	2013
SEMDEX (Points)					
- Year End Closing	1,660.87	1,967.45	1,888.38	1,732.06	2,095.69
SHARE PRICE (MUR)					
- Year End Closing Price	25.40	38.40	38.20	38.50	39.00
- High	26.50	39.00	39.10	41.50	42.60
- Low	12.10	26.00	36.50	37.20	38.50

Note: The Terra share price was MUR 36.50 on May 14, 2014.

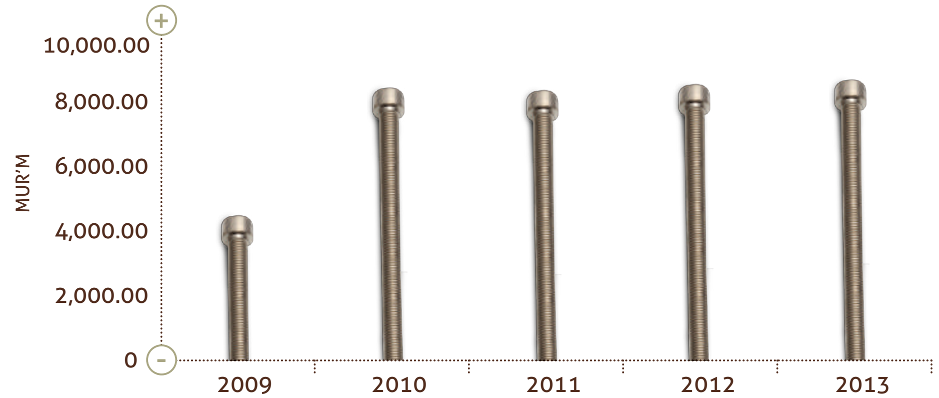
	2009	2010	2011	2012	2013
YIELDS					
- Earnings Yield %	5.47%	2.97%	6.70%	5.71%	4.10%
- Dividend Yield %	2.76%	1.82%	2.09%	2.08%	2.05%
Price Earnings Ratio	18.27	33.68	14.92	17.50	24.38

Average volume traded monthly on the Stock Exchange in 2013

Volume traded	
Jan	16,310
Feb	56,111
Mar	75,152
Apr	23,308
May	31,412
Jun	18,945
Jul	10,075
Aug	32,770
Sep	17,086
Oct	24,160
Nov	38,870
Dec	17,768



Market Capitalisation



	MUR' M	EUR' M*	USD' M*
2009	**4,415.38**	104.85	144.32
2010	**8,737.75**	207.50	285.60
2011	**8,692.24**	206.42	284.11
2012	**8,760.51**	208.04	286.34
2013	**8,874.28**	210.74	290.06

* The exchange rates used are those for the year 2013 as displayed below.

The market capitalisation of Terra on May 14, 2013 was MUR 8,305.42 M

Main exchange rates to the Rupee

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

Currency	December 31, 2012	December 31, 2013
Euro	41.0584	42.1095
US Dollar	30.9622	30.5947
GB Pound	49.9986	50.3256
SA Rand	3.6865	2.9708

Shareholders' calendar and relations

Financial year-end	December 31
Publication of yearly group abridged financial statements (audited)	Late March
Group audited annual financial statements available	Late March
Quarterly financial report - Q1 (unaudited)	Mid May
Annual report issued	Mid June
Annual meeting of shareholders	Late June
Quarterly financial report - Q2 (unaudited)	Mid August
Quarterly financial report - Q3 (unaudited)	Mid November
Dividend - declaration	Late November
Dividend - payment	Late December

Website: www.terra.co.mu
For more details on shareholders' relations and communication please refer to page 76.

Value added statement

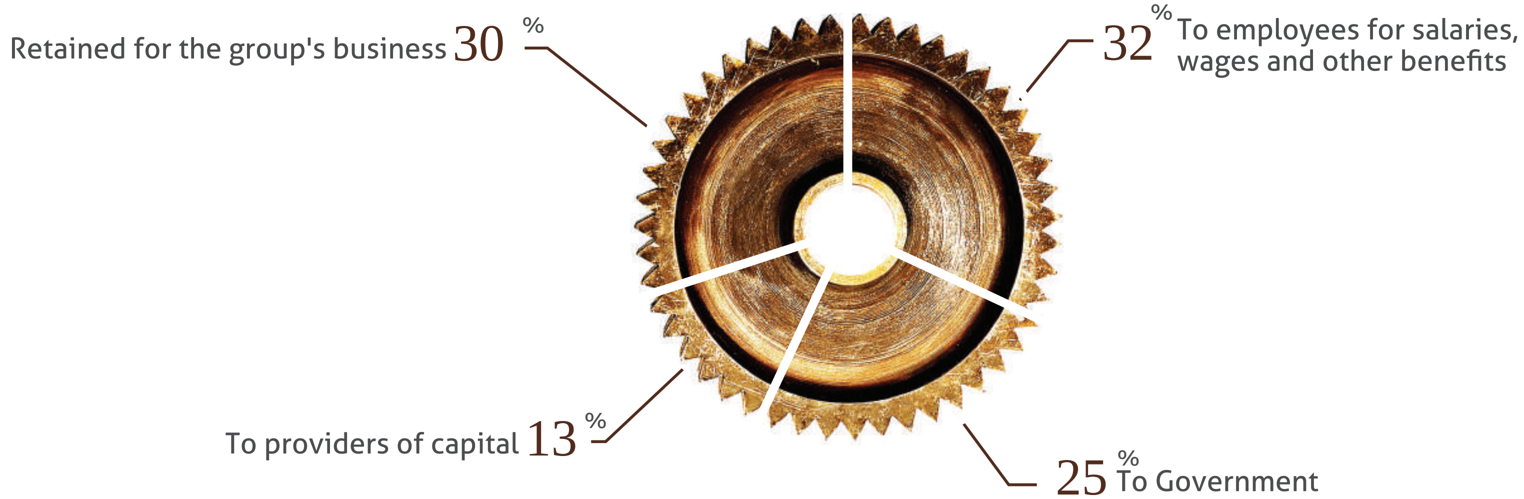
Group value added statement year ended December 31, 2013

		2013 MUR'M		2012 MUR'M
Turnover		**4,078.0**		4,185.5
Gains in fair value		**4.2**		16.4
Other income		**100.7**		153.6
		4,182.9		4,355.5
Less: Paid to suppliers		**(1,779.5)**		(1,844.9)
TOTAL VALUE ADDED		**2,403.4**		2,510.6
WEALTH DISTRIBUTED				
To employees for salaries, wages and other benefits	**32%**	**780.1**	30%	752.6
To Government				
Taxes		**47.8**		82.9
Custom and Excise Duties		**547.6**		509.4
	25%	**595.4**	23%	592.3
To providers of capital				
Dividends to:				
Shareholders of Terra Mauricia Ltd		**182.0**		182.0
Outside shareholders of subsidiaries		**108.2**		120.8
Banks and other lenders		**24.7**		40.6
	13%	**314.9**	14%	343.4
Retained for the group's business				
Depreciation		**242.3**		221.9
Amortisation charge		**105.6**		99.5
Retained profits		**365.1**		500.9
	30%	**713.0**	33%	822.3
TOTAL DISTRIBUTED AND RETAINED	**100%**	**2,403.4**	100%	2,510.6

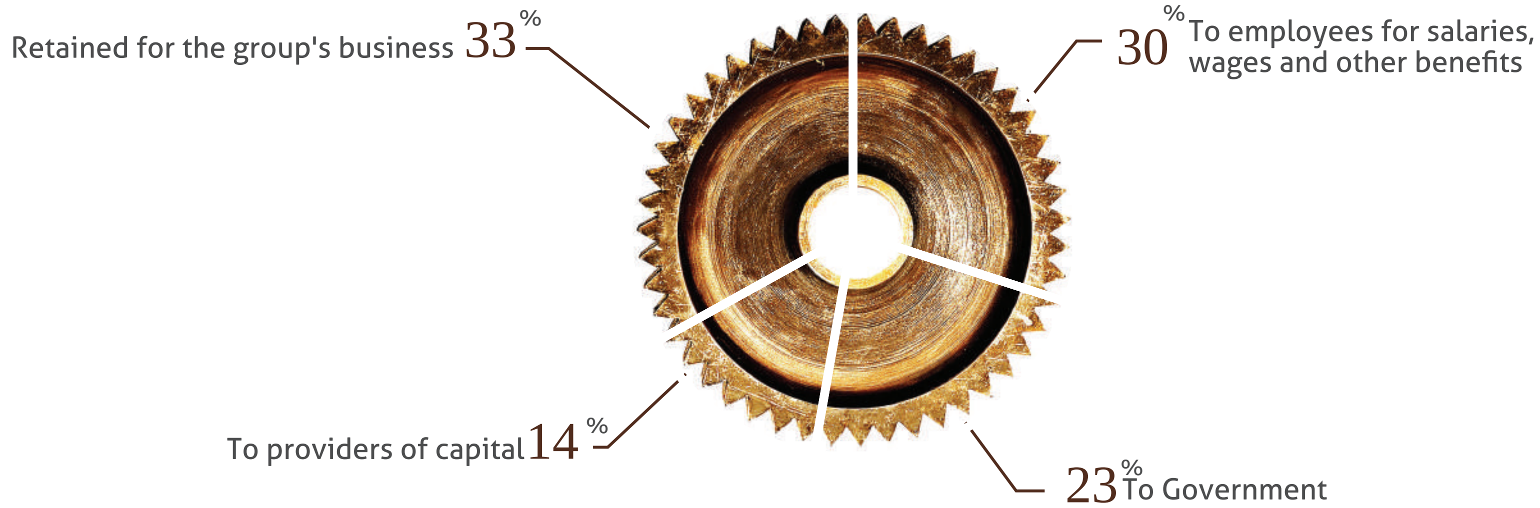
Value added statement (cont'd)

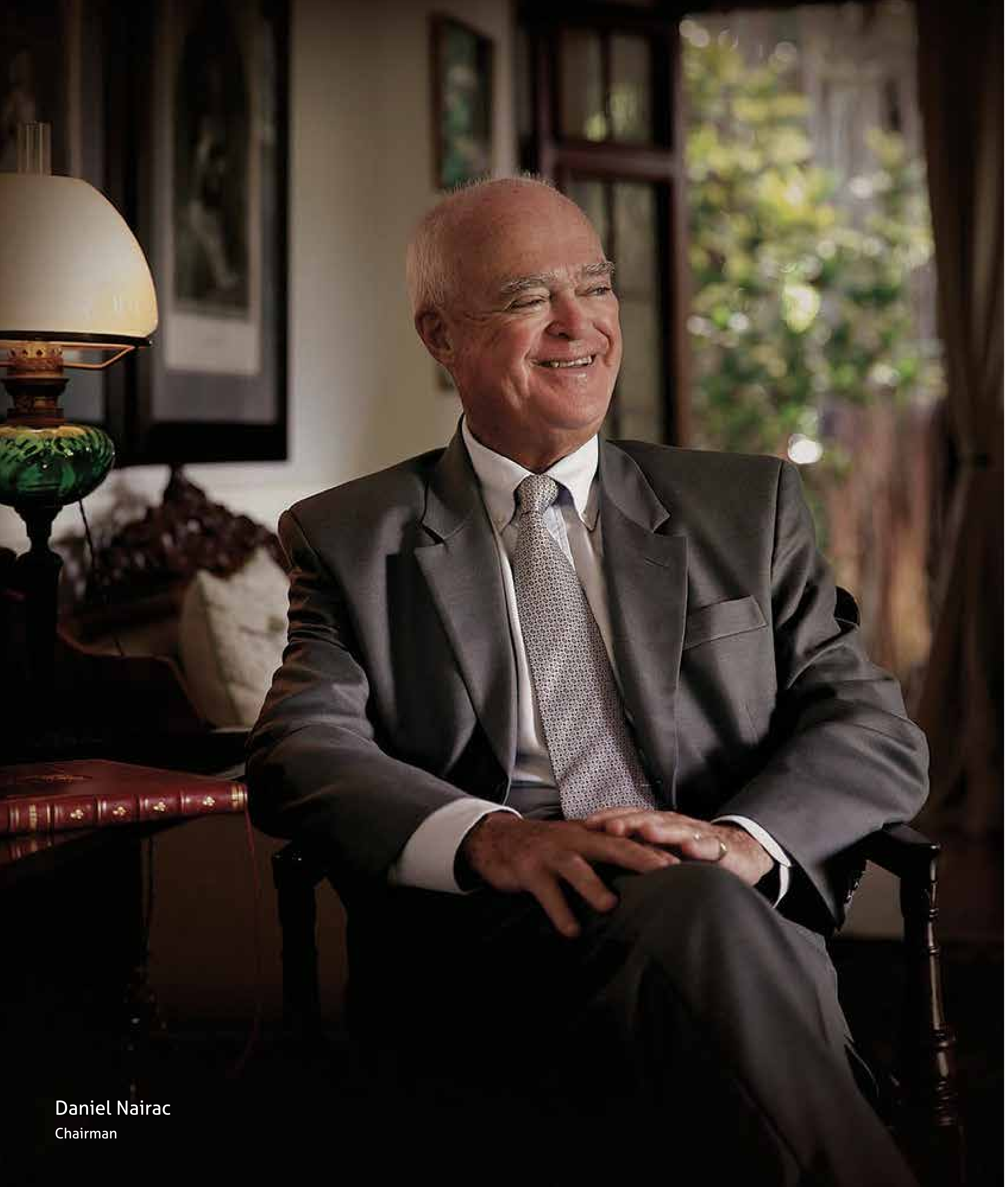
	2013	2012
To employees for salaries, wages and other benefits	**32%**	30%
To Government	**25%**	23%
To providers of capital	**13%**	14%
Retained for the group's business	**30%**	33%
	100%	100%

2013



2012





Daniel Nairac
Chairman

"The Power of Now"

The unenlightened mind, poisoned by the past, anxious for the future, constrained by passing time and posing for the "me" we think we are, feeds our ego with incessant thoughts clouding reality. Full consciousness of the eternal present, free of the concept of moving time and its ravages and of the constant chattering of the mind, reveals stillness, peace and joy deep below. "The Power of Now", this book, fosters peace and awareness of the profound "self", enabling unfettered thinking and action.

Chairman's message

Dear Shareholder,

For 175 years, sugar has been the backbone of your group's revenue, profits and growth. You may therefore well ask what reported current uncertainties concerning the sugar price and market augur for the future of Terra.

This annual report on the results of 2013 provides detailed answers in the Managing Director's report and illustrates clearly that your group's health is strong, its main traditional sectors of operation resilient, its investment sector growing and that plans are ongoing to secure further future growth and profits. Terra's balance sheet is strong, with little debt and holds enormous potential. Dividends have been held stable.

The Mauritian economy grew sluggishly by 3.2% in 2013 and jobless growth remains the biggest challenge in the quest to achieve the vision of a high income economy. Continued depressed demand from Europe for the main exports of goods and services may continue to burden growth in general, whilst growth in financial services may be affected by political uncertainties in India. It is clear, however, that speeding up diversification to Africa for exports of goods and services and to China and India for our tourism markets have begun to show positive results and could in future compensate sluggishness of traditional markets.

Terra owns a state of the art operation producing, *inter alia*, premium specialty sugars, which is equipped to take advantage of better crops, extra tonnages of cane crushed, more significant involvement in the value chain and new markets. Côte d'Ivoire operations contribute positively, and your group's management and technical expertise can be leveraged to take advantage of lower cost production potential on the African continent which is being actively pursued. The Government initiative of commissioning a full-blown study on the future of the sugar industry and on proposed remedial action to secure the future is laudable, essential and has our full support.

Energy production continues to play a major role in your wealth creation. It is a steady profit and cash contributor. Terragen is looking in earnest into developing its biomass supply and other sources of energy and has contributed significantly to the nation's reflection on energy policy through its submission to the National Energy Commission last year.

Chairman's message (cont'd)

The industrial and commercial cluster continues, in spite of challenging trading conditions, to positively impact the group's results. Improvements, innovation and inroads into export markets, notably with quality rums when volumes build up, can prove to be significant aspects of development.

Terra's investments in insurance, financial services and in other associates have yearly steadily improved their participation to reinforcing group's results and have done so increasingly in 2013. With recent new investments, that sector is poised to becoming a solid pillar of your group's development and growth in the near future.

The presentation of the Beau Plan project Master Plan to the Board of Investment (BOI) was the initial public step to unlock in a timely manner the first major development in a sector of enormous potential for Terra. Looking ahead, property development beyond the Beau Plan cluster, stretching from Pointe aux Piments to The Mount, will amount to a new impressive contributor to Terra's growth and wealth creation. In the context of Mauritius becoming a high income economy, with the influx of talent, the importance of providing quality leisure and increased purchasing power, property development will take a quantum leap and will significantly help create a pleasant environment, embellished and socially responsible.

The 175 years celebration of Terra's origins has resolutely placed emphasis on all stakeholders, namely the historic family shareholders honoured by a striking exhibition entitled *"Passer par l'Avenir"*; employees and retired staff honoured in a number of events and social activities; civil society benefitting from an ambitious environmental awareness campaign from a "citizen collective" prodding citizens to spearhead environmental change by starting with their very selves.

Internally, your group has embarked on Sustainability Reporting with the first report on 2012 activities ready and published in early 2014 and earning a "B" rating from Global Reporting Initiative (GRI). It intends to pursue that route purposefully. Terra also reviewed its Code of Ethics in 2013 and published the new Code of Ethics, officially launched on April 16, 2014 in French, English and Kreol Morisien. The new Code includes, as a "first" in Mauritius, a "Whistle Blowing" policy set up with Transparency Mauritius acting as an independent intermediary within the mechanism.

These two realisations, together with a new "360° Emotional Intelligence" assessment of your Board members and the continuing effort to achieve proper and thorough succession planning at all levels of the group, aim at ensuring that technical, financial and wealth creation efforts are matched by a high level of transparency, social responsibility and governance in managing the activities of Terra.

I wish to thank my colleagues on the Board for their support during the year. My special thanks go to Jean de Fondaumière, who will not be seeking re-election as Independent Director, for the twelve years devoted to the affairs of Harel Frères, now Terra. His professionalism, commitment, business experience and dedication have made him a valued colleague and a respected adviser. I wish him every success in his new endeavours.

I also wish to thank all the employees of the group and all its management for their professionalism, dedication and hard work. They have made Terra a closely-knit human entity and constitute a guarantee of your group's continued growth and successful future.

Daniel L Naïrac,
Chairman of the Board
May 14, 2014

Cyril Mayer
Managing Director

The pocket diary

"Although electronic diaries have their advantages, I must admit that this elegant and handy notebook is essential for my daily business planning. Small enough to fit in my pocket, I can easily and quickly use it to scribble anything. When can we set a meeting? I have the answer at my fingertips!"

Managing director's report and review of operations

Overall review

On the national front, the year 2013 was marred by the flash floods of March 30, which caused the death in Port Louis of 11 persons. Floods, albeit of a lesser importance, also occurred in other parts of the country, including our region, but fortunately without loss of life. A Prime Minister's Relief Fund was set up, to which the group contributed, in order to alleviate the pains of all those who suffered from that natural calamity. Land was also made available to the Government for the construction of drains and retention ponds near the village of Bois Rouge and a study was commissioned by Terra from professional engineers for flood remedial actions in the region of Beau Plan.

We also had to deplore a fatal accident which occurred at Terra Milling Ltd on December 06, 2013. I wish to extend, on behalf of management and in my personal name, our deepest condolences to Mr Charles Nizelin's family and colleagues.

During the whole of 2013, Terra formed part of the prestigious SEM 7 club; its share was the 8th most largely traded share in value terms on the SEM for 2013 and it ended the year as the 6th largest market capitalisation of the SEM. As shown on the graph on page 12 of this report, its performance outstripped that of the SEM for 2013. The Terra share was fairly stable during the year, trading between MUR 38.50 and MUR 42.60 and closing the year at MUR 39.00.

The following investments/disposals were made during the year:

- In June 2013, the group took a 10% stake in Banyan Tree Bank. This Mauritian bank, founded in 2012, is strategically positioning itself to capture investment flows between India and Africa. This investment reflects Terra's intent to consolidate its presence in the financial services sector.
- AceTer Global, an off-shore management company, held by Terra to the tune of 79%, was incorporated in March 2013 and was granted a management licence by the Financial Services Commission (FSC) in September 2013. Since the granting of its licence, AceTer has attracted around 20 institutional clients (including Global Business Companies (GBC)1, GBC2, Trusts and others types of structures). The long term objective of the company is not only to grow by increasing its portfolio of clients but also, possibly, through the acquisition of, or merger with other management companies.

Overall review (cont'd)

- In December 2013, Terra acquired a 29% stake in United Investments Ltd (UIL), an investment holding company with interests mainly in financial services, agriculture related activities, fish processing and the hospitality business. This acquisition was in line with the group's policy of diversifying its activities outside its core competencies. It was felt that UIL would serve that purpose.
- As a result of its poor performance over the two previous years, the balance sheet of Rehm Grinaker Construction was deemed to be no longer robust enough for an enterprise of its size to be sustainable. A capital call was made by the company in May 2013 and the group contributed its pro rata share amounting to MUR 21.3 M.
- During the year, the group disposed of the last of its investment in Maritim (Mauritius) Ltd, 2.8%, for a consideration of MUR 28.1 M. It also agreed to sell its 3.75% stake in the Charles Telfair Institute at a price of MUR 9.5 M. The transaction was executed in April 2014.

On the operational front, the following events are not systematically referred to in the ensuing review of operations but are nevertheless of interest and are, therefore, summarized below:

- The group proudly celebrated its 175th anniversary during the year, with various events being organised for its different stakeholders. We believe these celebrations gave visibility to our newly created "Terra" identity while at the same time bringing our key values to the fore and forging closer links among our staff members.
- On the energy front, 2013 saw the setting up of a National Energy Commission whose objectives were to review the national energy requirements and advise Government in the planning and execution of major projects in the energy sector, so as to fully meet the country's medium and long term needs. Terragen cooperated fully with, made submissions to the Commission and, on the latter's request, made public the Power Purchase Agreement it has signed with CEB as well as the electricity tariffs it is currently practising. While the national debate on the use of coal for electricity production has not subsided, the Commission has successfully demonstrated that the IPPs, through the sale of electricity to CEB at a price which is below the latter's average cost of production, play a very positive role in the electricity supply of the consumer. As for Terragen, its Post Debt tariffs are by far the lowest of all IPPs.
- Regarding industrial relations in the sugar industry and as agreed between the Joint Negotiating Panel (JNP) and MSPA in August 2012, negotiations between the latter and the recognized trade unions for the renewal of the collective agreement governing terms and conditions of employment in the sugar industry began in July 2013, with both parties submitting their proposals. Based on the need for the industry to improve competitiveness through higher productivity and flexibility at work, MSPA proposed a package comprising, on the one hand, a salary increase of 8.5% over four years and the introduction of a performance bonus and, on the other, the possibility for the mills to run on Sundays and public holidays, if necessary, and as from the first working day in January in case the crop season extends beyond 31 December in the previous year. As for the trade unions, they requested, inter alia, a general salary increase of 40%, the introduction of a levy of 2% of profits to be credited to a Human Dignity Fund, and the extension of the collective agreement to other categories of workers. Despite several meetings up to December 2013, and MSPA making a counterproposal which addressed some of the points raised by the trade unions, it was not possible to conclude a new collective agreement given the stand adopted by the trade unions, in particular the JNP, which kept introducing new demands at every meeting.In view of the situation and in order to bring these negotiations to a successful outcome within the best time frame in the interest of all concerned, the MSPA took the decision to report a labour dispute to the Commission for Conciliation and Mediation in February 2014. Coincidentally, the JNP also reported a labour dispute on the same day which was rejected in the first instance by the Commission. However, following an appeal lodged by the JNP to the Employment Relations Tribunal, the Commission decided subsequently to hear both disputes. It is expected that the Commission will determine the matter before the end of May 2014.
- 2012 had seen attempts at land misappropriation of some 11 hectares at Pointe aux Piments and 38.4 hectares at Balaclava belonging to Terragri Ltd. The latter has good and valid title to those lands, and its predecessors in title and itself have furthermore been occupying those lands with all the requisites of acquisitive prescription for much more than 30 years. Terragri Ltd filed and obtained injunctions against all the persons who it believes are involved in the attempt at misappropriation of its lands. The injunctions and associated main cases are following their normal course.
- Following a special meeting of Harel Frères Ltd (now Terragri Ltd) at which a scheme of arrangement was approved, certain dissenting shareholders initiated proceedings against two group companies, claiming they had suffered a prejudice. The claim was resisted and heard by the Bankruptcy Division of the Supreme Court. A judgement was issued in February 2014 in which 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 is being resisted by the group.
- As regards sustainability and in line with the precepts of *Maurice Ile Durable*, the vision adopted by Terra is "a world where development is sustainable". In order to move towards the implementation of this vision, the Board decided to regularly report on sustainability, following the G3.1 guidelines of Global Reporting Initiative (GRI), an internationally recognised body in the field of sustainability. For the first report relating to the year 2012, which was published this April, the B reporting level was chosen. The report was submitted to and certified by GRI. This report, and forthcoming ones, will assist the group in continuously monitoring and improving its economic, social and environmental performance.
- The group's Code of Ethics which had been adopted in 2005 was reviewed during the course of 2013. The new version includes, for the first time, a whistle-blowing policy, which will be monitored by Transparency Mauritius, an independent external body. Information sessions have started throughout the group in order to introduce the new code, as well as the whistle-blowing procedure. The new code was officially launched in April 2014 and all the employees have been invited to renew their commitment to abide by it.

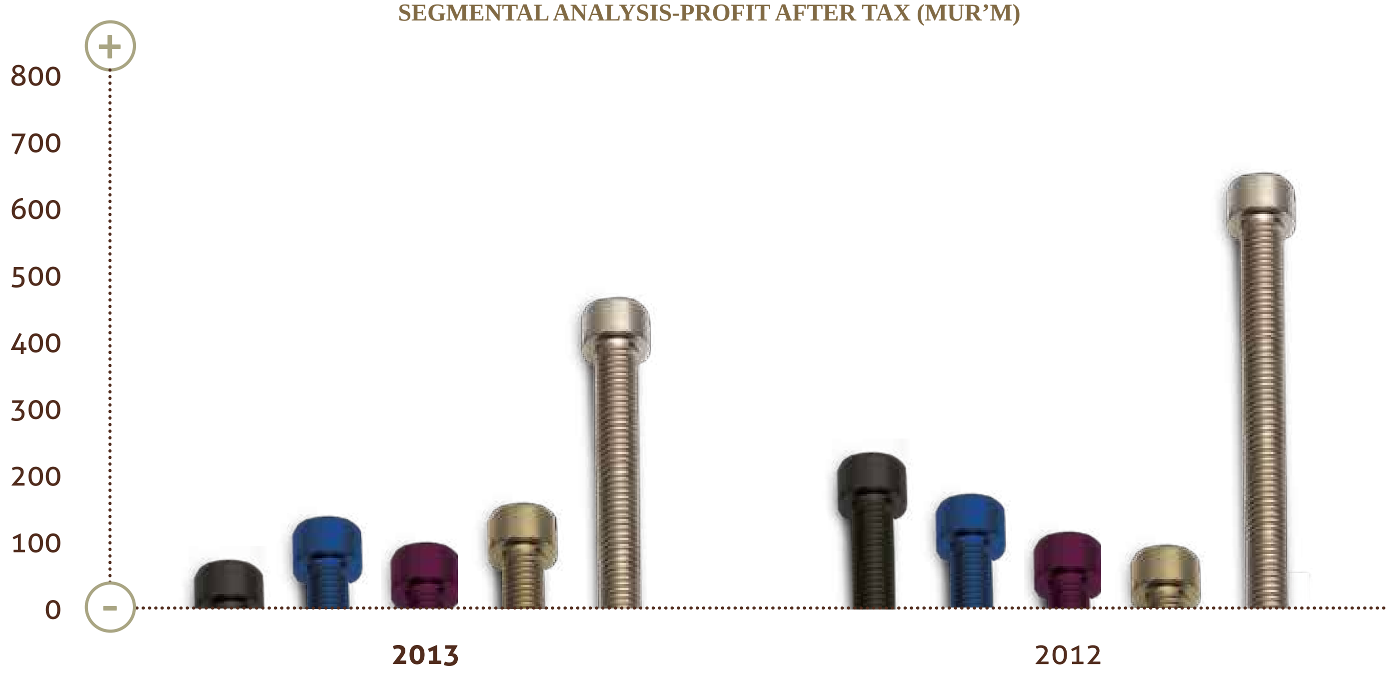
Financial summary review

Income Statement

Group revenue was down 2.6% on 2012 at MUR 4,078 M and was once again more or less evenly spread between the sugar, energy and commercial segments. Group profit after tax suffered a 28% drop on 2012 to MUR 473 M, mainly on the back of reduced profitability for both our "cane" and "power" segments. Profitability of the "brands" segment was marginally lower while associates and other investments yielded better returns.

Group segmental results are shown in graphical form below and are more amply explained in the ensuing review of operations.

SEGMENTAL ANALYSIS-PROFIT AFTER TAX (MUR'M)



	2013	2012
Cane	**63.5**	242.7
Power	**132.4**	185.0
Brands	**108.9**	118.5
Investments	**167.8**	107.7
Total	**472.6**	653.9

Earnings attributable to equity holders dropped to MUR 365.1 M, MUR 135.8 M lower than 2012 and translated into Earnings per Share of MUR 1.60, compared to MUR 2.20 in 2012.

In line with the group's policy of maintaining a sustainable dividend, the directors decided to declare the same dividend as in 2012. Accordingly, a dividend of MUR 182 M (MUR 0.80 per share) was declared and paid in December 2013.

Managing director's report (cont'd)

Financial summary review (cont'd)

Balance Sheet

The balance sheet remains strong. Shareholders' funds stand more or less unchanged at MUR 16,463.8 M and MUR 72.4 when expressed on a per share basis, compared to MUR 16,437.7 M and MUR 72.3 respectively in 2012. Borrowings, both current and non-current, have increased to MUR 1,400.1 M (2012: MUR 640.5 M), as the group is gearing up to finance its investment programme. Cash balances have increased by MUR 100 M to MUR 259.3 M while current assets at year-end show a surplus of MUR 169.8 M over current liabilities.

Cash Flow

Net cash flow from group operating activities was in line with its lower performance and dropped by MUR 148.3 M to MUR 518.7 M.

Net cash used in investing activities absorbed some MUR 888.1 M (2012: MUR 521.4 M), of which MUR 613.9 M were devoted mainly to the acquisition of stakes in UIL and Banyan Tree Bank and to the recapitalisation of Rehm Grinaker Ltd and MUR 310.6 M to the purchase of property, plant and equipment.

On the financing side, borrowings of MUR 973.2 M were raised during the year; MUR 290.2 M was expended as dividends, both to Terra shareholders and minority shareholders in subsidiaries and MUR 105.1 went towards the servicing of loans. Although overall cash and cash equivalents increased by MUR 208.5 M during the year, there was still a negative balance of MUR 49.5 M left at year end.

Prospects for 2014

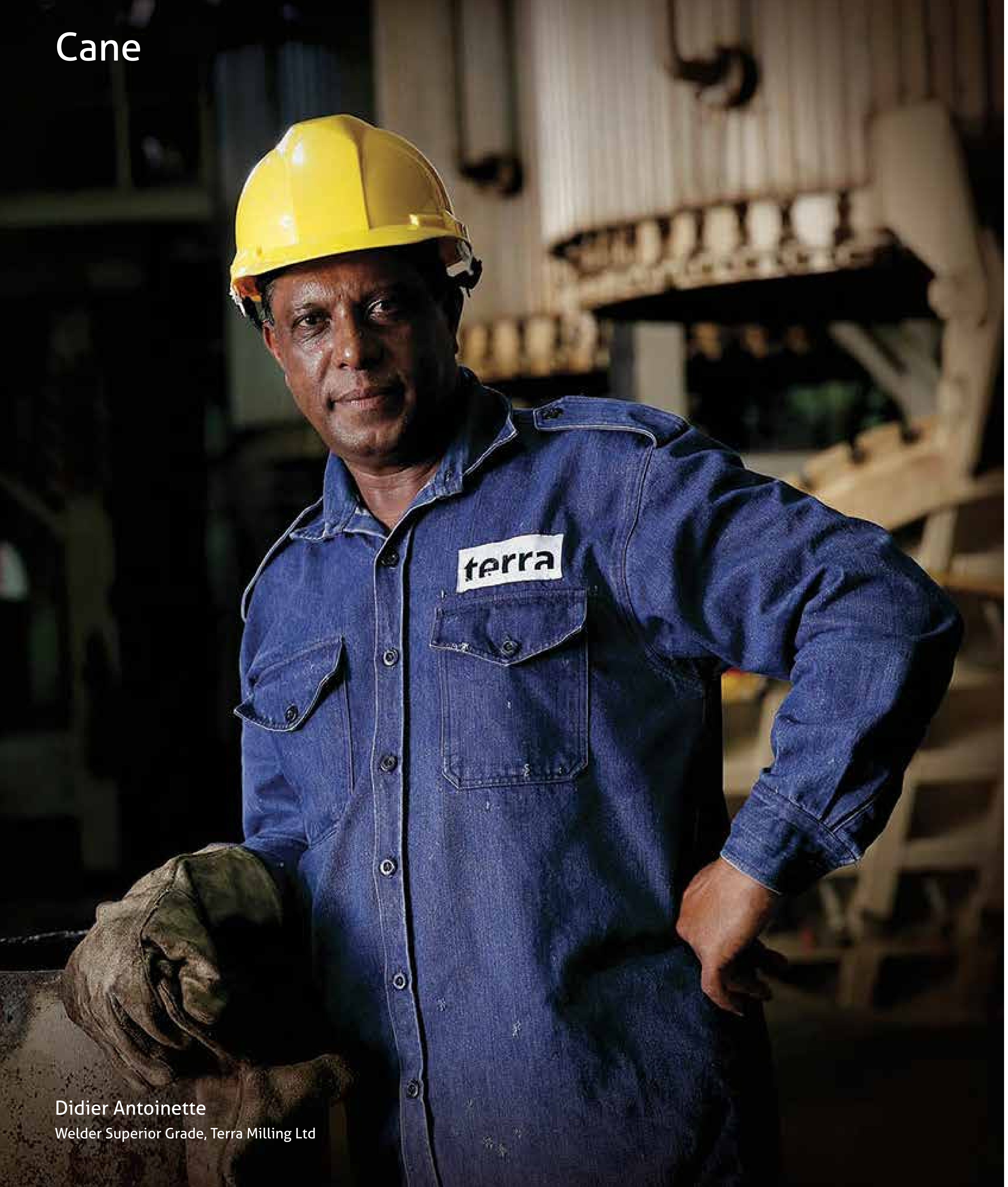
The current economic climate remains challenging locally, with a low growth rate, persisting unemployment and ever increasing competition. There is no clear visibility and forecasting has become difficult.

Regarding sugar, there is every indication at date of writing that our local production will be above that of last year. As for prices in Europe, they have been on a downward trend for the past few months; demand for specialty sugars has also slackened somewhat. At current price levels, 2014 will be a tight year for our local sugar segment, having regard *inter alia* to the likely adjustment (referred to at page 31 below) which will have to be made to the 2014 results. In Côte d'Ivoire, the 2013/2014 crop was better than that of the previous year, retail prices are stable and improved results are expected.

On the energy side, CEB's off-take to date is more or less on par with last year's. Should this trend continue during the second semester of 2014, results can be expected to be in line with production levels.

Trade conditions have not deteriorated noticeably to date for our Brands segment, which is performing well and is expected to deliver results comparable to those of 2012.

Most of our associates are also performing satisfactorily. We are confident that the new ventures we have gone into are sound investments. They are expected to have a favourable impact on our overall results over the coming years.



The welder's mask

Welder is your profession, mask is your protection! With this welder mask, Didier is protected from sparks and ultraviolet light, allowing him to safely link, fix and knit the pipes to make this two centuries-old mill shine again for another harvest season.

Managing director's review of operations

Cane

The international scene

World market prices for sugar followed a continued declining trend over the year to reach a 3.5-year low of 16.30 US cents per lb in December 2013, compared to 19.40 US cents at the start of the year and 23.00 US cents in January of the preceding year. After three consecutive years of global deficit, global production has as from year 2010-11 exceeded consumption, resulting in a global surplus which gradually replenished stocks. In 2013, Brazil and Thailand, the world's two largest exporters, experienced good crops, while production in India, the largest consumer, exceeded domestic requirements, giving it the possibility of once again becoming an exporter. With global stock exceeding consumption by 42% in 2012/13 compared with 38.95% in the previous year, and a further year of global surplus foreseen in 2013/14, world market prices could only remain subdued.

In the European Union, sugar prices, which had remained exceptionally high as a result of a tight market balance in the community, suffered a sharp downturn during the second semester of 2013, when the EU opted to increase sugar availability through declassification of out-of quota sugar into quota sugar and also through additional imports at reduced duty. These measures increased overall supplies by some 1.2 million tonnes, exerting strong downward pressure on prices during the second half of 2013. This is clearly reflected in the official average price for white sugar reported by the EU Commission which had dropped to Euro 627 per tonne in December 2013 compared to a peak of Euro 738 in January 2013. Similarly, market prices in the United States, the second preferential market for Mauritius, pursued their downward course as a result of an oversupplied market caused by substantial imports from Mexico.

These unfavourable market conditions caused the ex-Syndicate price for the 2013 crop, estimated in December 2013 at MUR 16,500 per tonne, to be reviewed down to MUR 16,000 in April 2014.

Regarding the longer term, one of the landmarks for the year under review has been the decision taken by the EU in July 2013, in the context of the adoption of the Common Agricultural Policy reform measures, to end sugar and isoglucose production quotas as from October 2017. Different impact studies have revealed that the end of quotas is likely to affect market balance in the EU and cause instability and more volatility in years to come.

More recently, a report published in December 2013 by the EU Commission has estimated that the end of quotas in 2017 is likely to cause an increase in beet sugar and isoglucose production in the EU, resulting in displacement of imports (namely from ACP and LDC suppliers) and a significant decrease in market price.

On a more positive note, however, the study also underscores the fact that opportunities will still exist in the sugar deficient regions of southern Europe, where imports from the more competitive ACP and LDC suppliers may still have an edge on suppliers of beet sugar from northern Europe. Mauritius has therefore no other choice than to ensure that it will remain among the group of competitive suppliers of cane sugar which will still find a place in the post-2017 EU market.

The group's sugar interests

Mauritius

At December 31, 2013, Terragri Ltd cultivated some 5,692 hectares of cane land, some 77% of which fully mechanised and 42% under various forms of irrigation. The area harvested by the company was 4,954 hectares, while the planters harvested, on their part, an area of 7,341 hectares. The total insurable sugar for the group was 57,628 tonnes of sugar (59,354 tonnes in 2012).

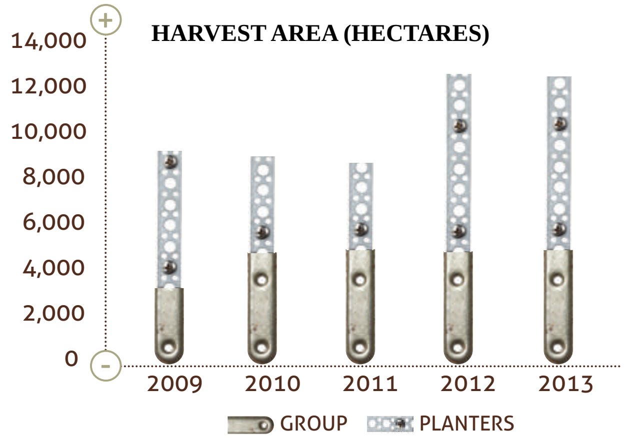
The group also holds an effective 80% stake in Terra Milling Ltd, which owns one of the most modern sugar mills in Mauritius, strategically geared for the production of specialty sugars. The mill imports its energy requirements from the adjacent power plant of Terragen Ltd.

The 2013 crop

Rainfall recorded during the vegetative season of 2013 was only 84% of the long term mean: effective rainfall was less than 600 mm. This low precipitation, coupled with a very dry winter and drastic reduction in water availability for irrigation, accounted for a poor crop in 2013.
Terragri, as a result, harvested some 357,352 tonnes of canes representing a reduction of 5.2% as compared to the 2012 crop. With a sugar recovery of 10.87%, Terragri produced an average of 7.85 tonnes of sugar per hectare.

Managing director's review of operations (cont'd)

Cane (cont'd)

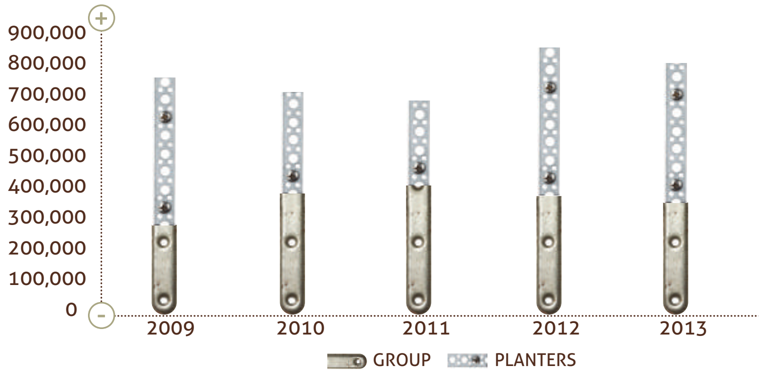


	GROUP	PLANTERS	TOTAL
2009	3,337	5,802	9,139
2010	4,728	4,241	8,969
2011	4,977	3,537	8,514
2012	4,933	7,539	12,472
2013	4,953	7,341	12,294

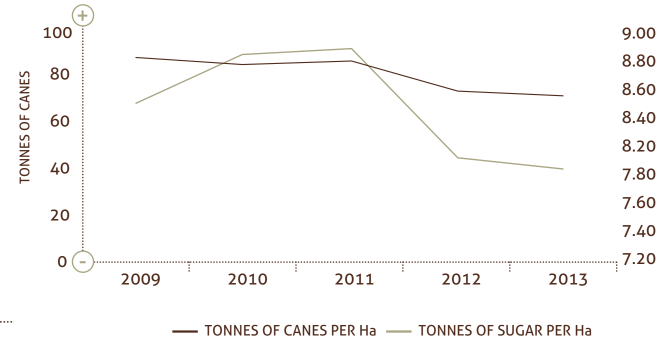
We also suffered from an unusually high occurrence of cane fires during the crop. 314 cases of (probably) criminal fires were recorded, corresponding to an area of 1,689 Ha and representing a 79% increase over the previous year. These fires, in addition to having a disruptive effect on the harvesting programme, negatively impacted overall performance both at field and milling levels and are estimated to reduce present and future revenue by more than MUR 30.0 M.

In 2013, our vehicles transported some 445,724 tonnes of canes, including some 198,038 tonnes from the four platforms of the factory area. Terragri's harvesters cut 310,812 tonnes of sugar cane, comprising 269,692 tonnes for the company and 33,336 tonnes for outgrowers. Our lorries transported some 89,715 tonnes of sugar for Terra Milling and 176,260 tonnes of coal for Terragen.

The 2013 crop duration was 143 days, 7 days longer than that of the previous year, during which 800,993 tonnes of canes were milled at an average daily rate of 5,601 tonnes and a sugar recovery rate of 10.92%, of which some 209,939 tonnes from the ex-Mon Loisir factory area. 86,650 tonnes of sugar were produced, of which 72,818 tonnes were converted into eleven different types of excellent quality specialty sugars.



	GROUP	PLANTERS	TOTAL
2009	289,217	470,842	760,059
2010	389,009	332,869	721,878
2011	414,443	272,734	687,177
2012	377,113	480,098	857,211
2013	357,353	442,791	800,144



	Tonnes of canes per Ha	Tonnes of sugar per Ha
2009	86.7	8.54
2010	82.3	8.84
2011	83.2	8.91
2012	76.5	8.05
2013	72.2	7.85

Cane (cont'd)

Technically, the mill's performance was adversely affected by mechanical and processing problems which resulted in unusually frequent stoppages. Mechanically, the main stoppage was caused by a broken high speed shaft of the primary gearbox of the first mill, which had to be bypassed for one month for repair. The main process problem was due to low purity high colour juice from burnt canes from two large cane field fires. These technical problems accounted for nearly 44% of stoppages.

The table below shows various production parameters for this year's crop as compared to that of 2012.

		2012	2013
1	Cane crushed (Tonnes)	854,395	800,993
2	Sugar produced (Tonnes)	89,810	86,650
3	Length of crop (days)	136	143
4	No of crushing hours per day	21.04	18.83
5	Mix juice purity	86.3	85.6
6	Sucrose % cane	12.10	12.55
7	Reduced overall recovery	86.29	86.29
8	Fibre % cane	17.48	17.40

Year	Cane crushed (Tonnes)	Sugar produced (Tonnes): Total tel quel	Accruing to the group	Specialty sugars
2009	760,059	73,158	37,440	54,282
2010	713,051	76,144	50,337[1]	74,088
2011	682,472	85,366[2]	50,540	85,032
2012	854,395	89,810[3]	50,663	85,425
2013	800,993	86,650[4]	49,179	72,818

[1] Includes 9,936.5 tonnes from Mount and 1,785 tonnes from St. André
[2] Includes 12,940 tonnes of sugar imported from Mon Loisir, Mauritius Sugar Terminal Corporation and Bagged Sugar Storage Distribution Co Ltd (BSSD)
[3] Includes 874 tonnes of sugar imported from BSSD
[4] Includes 2,801 tonnes of sugar imported from BSSD

SUGAR PRODUCED (TONNES)

Diversification

A total of 1,032 tonnes of potatoes were produced on 47.6 hectares of land in 2013. Onions were planted on 13.4 hectares and the production amounted to 180 tonnes. On the Mount hunting grounds, 282 deer carcasses produced 10,590 kilos of venison.

Personnel

At December 31, 2013, 84 staff members and 511 workers were employed on a permanent basis in the group's agricultural activities. Out of these, 203 were employed in the fields, 42 in other non-sugar activities, 125 in the mill and 141 in the transport department. In addition, job contractors and seasonal workers were hired on a temporary basis, as and when required, during both crop and intercrop seasons.

During the year, MUR 1.9 M was spent on employee training. 246 employees attended about 39 different courses including Leadership Development, "Emotional Intelligence", Safety and Health, IT Courses, Awareness to Social Training (SGS), HR Metrics, Optimisation of Tractor Performance, Strategies for Improving Fertilizer Use Efficiency, Time Management and VAT Regulations.

There has been a 12 % decrease in accident occurrences at work resulting in an 8% decrease in man days' lost compared to accident statistics in 2012. Unfortunately, a fatal accident occurred at Terra Milling Ltd on December 06, 2013, when sugar was accidently drawn from a silo that was being scrubbed on the inside. One member of the scrubbing team passed away while his team mate was wounded and hospitalised. Further to the accident, immediate corrective measures were taken, as described on page 77.

Cane (cont'd)

Capital expenditure

Overall, 2013 capital expenditure for the sugar activity amounted to MUR 277.6 M and represented an increase of 17 % on 2012 figures. MUR 81.8 M were spent on replantation costs, some MUR 76.2 M were spent on the renewal of transport and agricultural equipments, MUR 84.7 M on upgrading the mill, MUR 3.2 M on furniture and office equipment and MUR 3.2 M on intangible assets. Renovations of a mostly exceptional nature were effected to industrial and residential buildings for an aggregate amount of MUR 28.5 M.

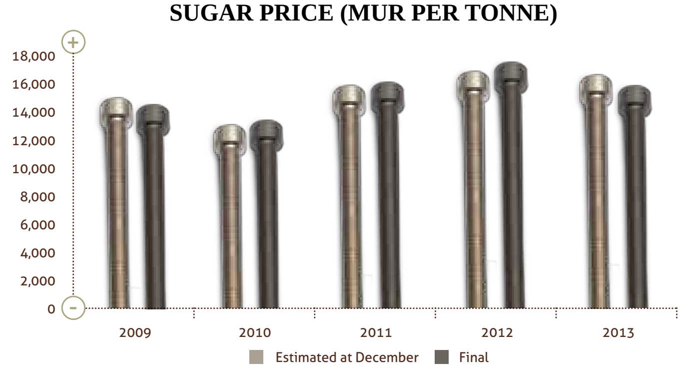
Results

The 2013 results for the group's local sugar activities were lower than those of last year.

Profit after tax for the year stood at a disappointing MUR 63.5 M, a negative turnaround of MUR 179.2 M on the previous year. This is due in the main to lower sugar prices (MUR 16,500 per tonne v/s MUR 17,000 for 2012) and lower specialty sugar premiums received from the Mauritius Sugar Syndicate (MSS). While sugar accruing to the group for 2013, at 49,179 tonnes, was slightly lower than that of the previous year, production of specialty sugars dropped from the 85,000 tonne mark for the two previous years to a low of 72,818 tonnes in 2013.

Production costs increased on account of machinery breakdowns of an exceptional nature suffered by the mill, while cane fires are estimated to have caused a loss of revenue of some MUR 18.6 M for the year.
It must further be mentioned that the sugar price for the crop 2013, accounted for at MUR 16,500 per tonne at December 2013, was reviewed downwards by MSS in April 2014 to MUR 16,000 on account of adverse price trends in our export markets. The variance in sugar price will be taken into consideration in the group's results for the financial year ending December 2014.

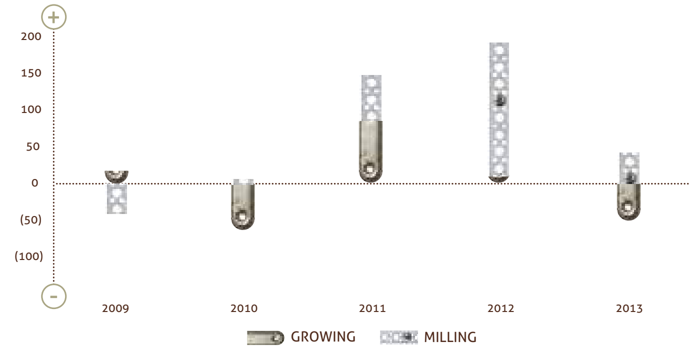
SUGAR PRICE (MUR PER TONNE)



	ESTIMATED AT DECEMBER	FINAL
2009	14,700	14,612
2010	13,500	13,536
2011	16,000	16,020
2012	17,000	17,573
2013	16,500	16,000*

*: Estimated as at date of writing

PROFIT AFTER TAX (MUR' M)



	GROWING	MILLING	TOTAL
2009	14.5	(47.2)	(32.7)
2010	(65.6)	1.7	(63.9)
2011	83.9	57.9	141.8
2012	5.8	149.7	155.5
2013	(51.6)	40.7	(10.9)

Prospects for 2014

Early summer rains were recorded over the factory area up to the time of writing. Rainfall recorded over the factory area was fairly regular and, should the end of the growing season be close to normal, one can expect that Terragri Ltd will harvest some 400,000 tonnes and Terra Milling mill some 900,000 tonnes. It is not possible at this stage to predict the recovery rate that will prevail over the 2014 crop season.
Regarding price and as mentioned earlier in this report, prices on the world market and in the EU have been going down steadily and there is no indication at this stage of any reversal of the trend.

Côte d'Ivoire

In 1997, the group acquired a 25.5% stake in Sucrivoire, an Ivorian company which owns two sugar estates with factories, namely Borotou and Zouenoula, which themselves comprise some 12,500 hectares of land in aggregate. The company is co-managed by Terra and its Ivorian partner, SIFCA and supplies about half the local sugar consumption.

Overall situation

The country has regained its political stability since the democratically elected President, Mr Ouattara, replaced his predecessor, Mr Gbagbo, in April 2011. A new government has been put in place and the political reconciliation is still in process, as well as the restoration of social cohesion.

The government has taken significant measures aiming at improving the business environment and restoring productivity in all sectors of activity, resulting in an 8.7% GDP growth rate in 2013. Aid and financing have also been forthcoming from a number of countries and international institutions.

Managing director's review of operations (cont'd)
Cane (cont'd)

The major events of the year have been the creation of the Trade Court, the implementation of a new more attractive investment code and the improvement of business facilitation.

Operations

Pending a decree from the President of the Republic banning sugar imports, the ministerial order of June 04, 2010, prohibiting all imports of sugar into Côte d'Ivoire continues to be in force, until further notice.

Sucrivoire's sugar production on the sites of Borotou and Zuenoula reached 90,900 tonnes in total during the 2012/2013 crop, a decrease due essentially to climatic and technical reasons, when compared to that of the previous crop which reached 93,000 tonnes.

In 2013, sales volumes increased by 12% on the local market, essentially for the brown granulated sugar (the product most in demand by wholesalers).

Thanks also to measures taken by Government to combat fraud, the Ivorian sugar industry as a whole posted satisfactory sales. Sucrivoire's sales, in particular, grew by approximately CFA Francs 9 Billion (Euro 13.7 M) to CFA Francs 52 Billion (Euro 79.3 M) in 2013. These sales were over budget forecasts, and included 10,000 tonnes of raw sugar exported in January 2013.

The average selling price of sugar for the year on the local market, at CFA Francs 486 (Euro 0.74) per kilo, remained stable at the same level as last year's average.

It will be recalled that the total cost of the three-year investment programme for the rehabilitation and modernization of both factories is CFA Francs 37.2 Billion (Euro 56.7 M), out of which CFA Francs 26.3 Billion (70%) had been disbursed by December 31, 2013. In accordance with the implementation schedule of the investment plan, all required agricultural, irrigation and mill equipments were delivered in time before year end.

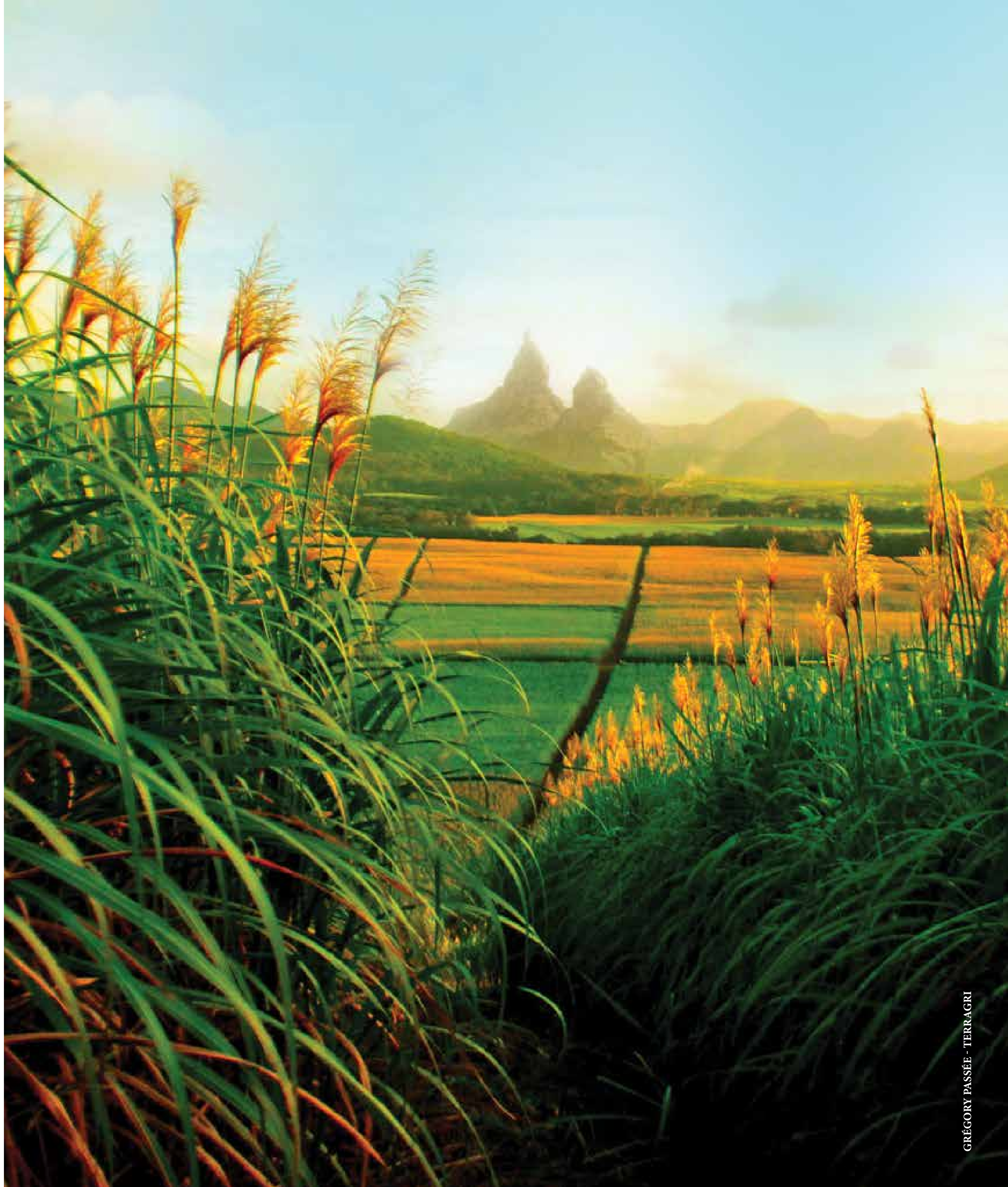
Now that near full potential has been achieved at field level, operational objectives for 2014 concern mainly the mills, the priority being a substantial cut in industrial losses and an improvement in mill extraction.

A production of some 97,700 tonnes of sugar has thus been forecasted for the 2013/2014 crop.

Financial results

With the political situation in Côte d'Ivoire having been normalised and Sucrivoire's Board having regained full operational control of the company, the group has reclassified Sucrivoire as an associate since 2011. Its results are accordingly equity accounted in those of Terra.

Sucrivoire posted a net profit of CFA Francs 4.6 Billion (Euro 7 M) for 2013, compared to CFA Francs 5.5 Billion (Euro 8.4 M) in 2012.



GRÉGORY PASSÉE - TERRAGRI

Power

Aruna Ramanah
Electrical Preparator, Terragen Ltd

The electrical multimeter

An essential instrument in an electrician's toolbox! "I use it everyday to measure the voltage, current, resistance, to diagnose circuits, test a battery and much more." This is how Aruna describes this instrument, which allows her to measure multiple functions in one unit, as indicated by the 'multimeter' name.

Managing director's review of operations (cont'd)

Power

The group, through its wholly-owned subsidiary Terragri Ltd, had at year end a 51% effective interest in Terragen Ltd (Terragen). Other shareholders include a strategic partner, Albioma (formerly known as Séchilienne-SIDEC) (27%), the Sugar Investment Trust (14%) and the State Investment Corporation (8%).

Terragen owns a 70 MW *bagasse*/coal fired power plant situated in Belle Vue, adjacent to the sugar mill, which provides it with *bagasse* in exchange for the supply of its energy requirements. It has signed a long term Power Purchase Agreement with the Central Electricity Board under the terms of which it supplies electrical power to the grid throughout the year.

Management

The day-to-day operation of Terragen is entrusted to Terragen Management Ltd (Terragen Management), which employs around 45 staff. Overall management of Terragen is jointly assumed by Albioma and Terra. The former is responsible for technical support with a view to optimising plant efficiency, both in terms of operation and energy production, while Terra has an administrative responsibility.

Terragen Management is controlled by Terragri Ltd which holds a 61.75% interest, the other main shareholder being Albioma with a 28.25% holding.

With regard to the handling and stocking of coal, a separate entity, Coal Terminal (Management) Co Ltd (CTMC), in which Terragen holds a 30.26% interest, runs these operations from the company's depot, situated in the port area. Coal is jointly imported by Terragen and other energy producers and stocked at the depot, from where it is dispatched to users.

Performance and operations

The power plant performed satisfactorily during the year, with an excellent availability level of 99.4%, well above minimum contractual obligations. Owing, possibly, to the attractiveness of the low post–debt tariff, CEB's electricity off-take for the year rose to an all-time high of 393.7 GWh as compared to 356.7 GWh in 2012.

Bagasse based energy exported to the grid amounted to 107.5 GWh, practically the same as in 2012 (106.6 GWh), despite a slight reduction in overall *bagasse* supply from 290,819 tonnes in 2012 to 274,028 tonnes in 2013.

During the year under review, the plant burnt 189,759 tonnes of coal, representing a specific consumption of 663 g per kWh (same as in 2012).
Once again, the company met its supply commitments to the CEB for the contractual year, which ended in June 2013. In addition, it generated some 61.1 GWh at the Excess Fee, over and above the minimum off-take.

Excluding a strategic buffer stock of 10,000 tonnes of coal, Terragen had 19,610 tonnes of coal in storage at December 31 2013, which represents about 30 production days during the intercrop.

Terragen is conscious of the energy challenges facing Mauritius and of the wish expressed by a number of NGO's to substitute biomass for coal for electricity production. As mentioned earlier in this report, Terragen made a submission to the National Energy Commission to clearly state its views on the issue. Moreover, in the course of 2013, it initiated, with the support of Albioma, research programmes into other sources of biomass which could be burnt in lieu of coal.

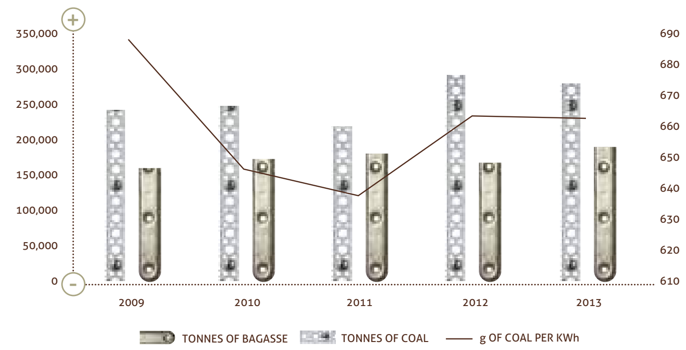
Experiments are being conducted on two sources of biomass for burning in our boilers, namely (i) the recovery from the fields of cane trash and (ii) two weeds, *Arundo Donax* and *Miscanthus*, which are being grown on test plots on the estate. Furthermore, Terragen is also engaged in a project with Albioma and another local IPP for the setting up of a Carbon Burn Out (CBO) plant which will convert coal fly ash into cement additive by exhausting residual carbon content to levels acceptable to cement manufacturers.

Terragen also recognises that the effective management of quality, environmental and health and safety issues is fundamental to its operations. To that effect the company has revisited and improved its processes during the year under review, leading to the award of a triple certification from AFNOR. Indeed, the company obtained the following internationally recognised standards: ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and ILO OSH 2001 (Occupational Safety and Health Management System).

Managing director's review of operations (cont'd)

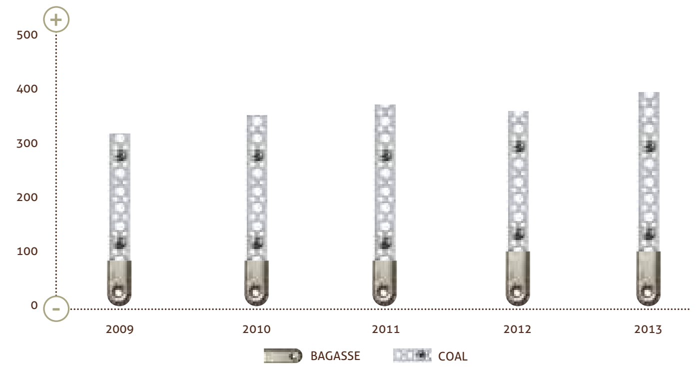
Power (cont'd)

CONSUMPTION



	TONNES OF BAGASSE	TONNES OF COAL	g OF COAL PER KWh
2009	237,475	157,742	686
2010	239,038	171,295	646
2011	215,826	179,591	638
2012	290,819	165,899	663
2013	274,028	189,759	663

ENERGY PRODUCED (GWH)

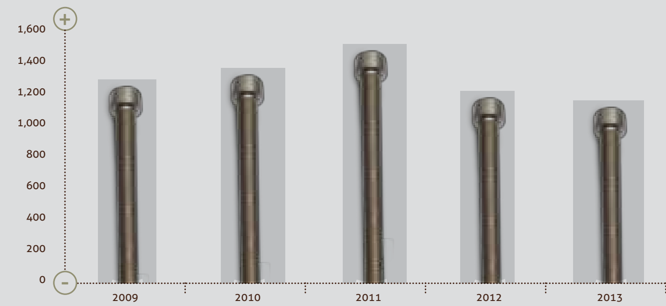


	BAGASSE	COAL	TOTAL
2009	90.3	229.8	320.1
2010	88.1	265.2	353.3
2011	89.9	281.4	371.3
2012	106.6	250.1	356.7
2013	107.5	286.2	393.7

Financial

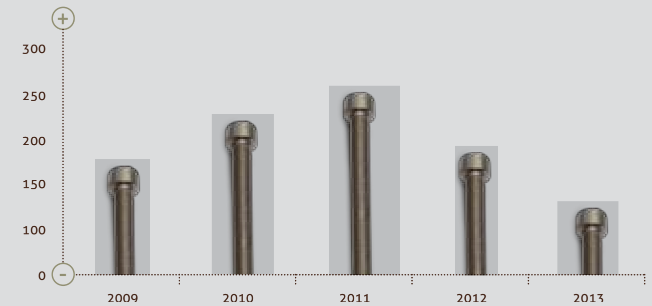
The energy segment posted a profit after tax of MUR 132.4 M for the year under review, compared to MUR 185 M in 2012. The decline in profitability is attributed to the lower post–debt tariff regime, which was applicable for a full year for the first time in 2013, as per the terms of the Power Purchase Agreement signed with CEB. In fact, despite a higher off-take, revenue accruing from the sale of electricity dropped by MUR 78.5 M from one year to the other. The above drop in revenue was, however, partly mitigated by lower finance costs, which stood at MUR 2.8 M as compared to MUR 25.4 M last year.

TURNOVER (MUR' M)



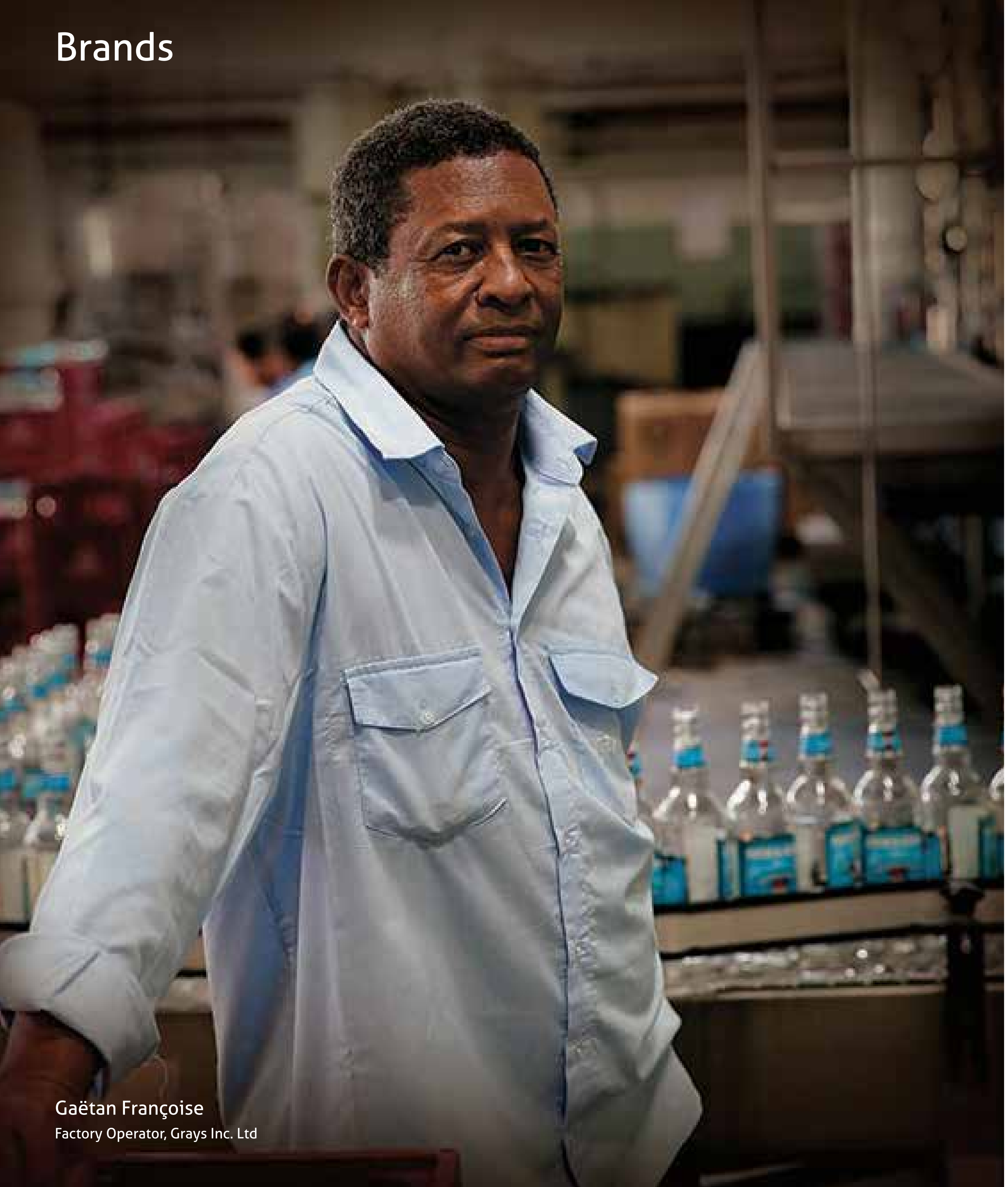
	MUR'M
2009	1,211
2010	1,328
2011	1,479
2012	1,197
2013	1,116

PROFIT AFTER TAX (MUR' M)



	MUR'M
2009	170
2010	227
2011	253
2012	185
2013	132

Brands



Gaëtan Françoise
Factory Operator, Grays Inc. Ltd

The washed bottle

Gaëtan's responsibility is to ensure the colossal bottle washer works efficiently, with its capacity of 7,000 glass bottles per hour. Deluxe, Seven Seas, New Grove, he has seen many new and recycled bottles during his 40 years' career at Grays. He jokes: "It is the fourth bottle washer I work with, and it makes me realise that I am growing old too!"

Managing director's review of operations (cont'd)

Brands

Structure

Terra Brands Ltd, a wholly-owned subsidiary of Terra Mauricia Ltd, controls the main commercial and alcohol production activities of the group and holds a 74% stake in Grays Inc. Ltd, its operating arm, to which it leases office and industrial space.

In addition, it owns a two third stake in Grays Distilling Ltd, as well as a 33.3% share in New Goodwill & Co Ltd and related companies, which are involved in the production, bottling and distribution of spirits.

Through Grays Distilling Ltd, it invested into Topterra Ltd, a 50:50 joint venture with Island Liquid Fertilizer Ltd, which produces a liquid fertilizer known as Concentrated Molasses Stillage (CMS) from vinasse, itself a residue from distillation.

Moreover, Terra Brands Ltd, through its wholly-owned subsidiary, *Les Chais de l'Isle de France Ltée*, specialises in the ageing of rum for export and owns the brand New Grove. Besides, it owns a 50% stake in *Les Domaines de Mauricia Limitée*.

Commercial

Performance

After a quiet first semester, the market regained its buoyancy. Targeted commercial activities resulted in an overall growth of 4.9% for the year.

All our business units enjoyed healthy sales growth, apart from our pharmacy cluster, which suffered disruptions in supplies and our cane spirits range, which lost market share, some products having been priced out by repeated excise duty increases.

In December 2013 a new luxury perfume shop called Cocoon was opened at Caudan.

Wine and spirits

Spirits and wine remain the backbone of our activity. Repetitive duty increases over the last four years more than doubled prices to consumers. This, coupled with erosion in households' disposable income, caused a shift in consumer behaviour towards lower priced products. With our market lying in the premium and mainstream segments, our locally produced spirits lost market share, thus negatively impacting on our results.

Imported spirits, mostly Scotch whisky, performed well, and enabled us to improve our market share. Value for money wines had a healthy growth, whilst premium wines grew moderately.

As regards production, a new state-of-the-art bottling equipment, operational since mid-December 2013, allows a more responsive and efficient bottling process for our wines, KGB vodkas and New Grove rums.

Export markets

East Indies Company, our subsidiary in Madagascar, under new management, came close to breakeven. We expect the economic situation to improve in the wake of restored political stability.

Providence Warehouse Co Ltd, our 25% held associate in Seychelles performed well and the positive trend is expected to be maintained in 2014.

Our premium rum brand, New Grove, underwent a major packaging revamp to be aligned with the outstanding quality of our aged rums. It was warmly welcomed in our main export markets and our efforts are being rewarded.

Personnel

2013 marked the first year in which the Performance Management exercise was carried out online with great success.

Staff turnover was relatively high in 2013 but we managed to recruit candidates with good potential in strategic departments such as marketing, production, sales as well as for our restaurant.

A new incentive scheme (attitude allowance) has been implemented in our Production department which aims at reducing lateness and absenteeism, whilst encouraging employees to demonstrate a positive work attitude and adhere to our Health & Safety procedures.

Nearly MUR 2.0 M was spent on training and development in 2013. This is equal to an average spending of MUR 10,867 per employee. Training courses included both in-house and off the job courses, with a special focus on management and leadership skills.

Grays Distilling's premises have been renovated and are now fully operational in a modern and functional environment.

Production of alcohol and liquid fertilizer

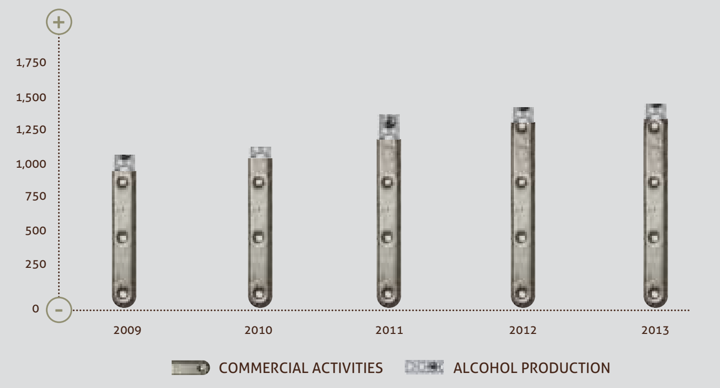
The 2013 distillation campaign was similar to that of 2012 in terms of yields and efficiencies. However, production had to be interrupted during both the first and second semesters, as the distillery's storage capacity could no longer cope with the production rate. Consequently, the number of production days was reduced to 171, from 190 in 2012, and the volume of alcohol and vinasse produced were proportionately reduced.

Export logistics have been improved in order to offer a prompt service to our foreign customers. New equipment has recently been installed at the distillery to improve quality and steam efficiency. Commissioning is scheduled for mid-May. Production will resume immediately thereafter.

Managing director's review of operations (cont'd)

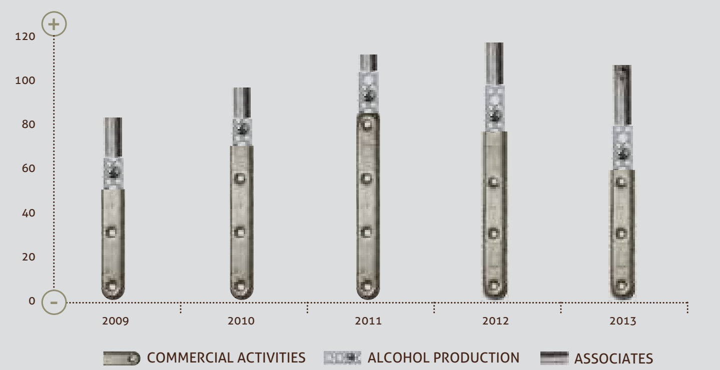
Brands (cont'd)

TURNOVER (MUR 'M)



	COMMERCIAL ACTIVITIES	ALCOHOL PRODUCTION	TOTAL
2009	959.0	102.2	1,061.2
2010	1,066.9	113.0	1,179.9
2011	1,217.0	132.0	1,349.0
2012	1,257.5	165.1	1,422.6
2013	1,340.0	152.5	1,492.5

PROFIT AFTER TAX (MUR 'M)



	COMMERCIAL ACTIVITIES	ALCOHOL PRODUCTION	ASSOCIATES	TOTAL
2009	50.6	14.7	18.7	84.0
2010	70.8	11.0	15.8	97.6
2011	86.9	16.7	9.5	113.1
2012	76.7	21.7	20.1	118.5
2013	59.7	19.6	29.6	108.9

Results

The "brands" segment increased turnover by 4.9% for the year to MUR 1,5 Billion, while after tax profits decreased to MUR 108.9 M, mainly on account of the continuing shift in consumption patterns towards lower priced products (2012: MUR 118.5 M).

Property management and construction

Sabrina Mootoosawmy
Administrative Secretary, Sagiterra Ltd

The land surveyor's pole

This blue, red and white wood pole is a valuable tool for land and property developments as it can determine alignment, direction, distance or limit, especially when surveying and levelling the sites. This apparently simple tool makes us the land experts.

Managing director's review of operations (cont'd)
Property management & construction

Property development

Property development and management is a group activity carried out by Sagiterra Ltd, a wholly-owned subsidiary of Terra. It is specialized in property promotion and development and provides services to the group, as well as to external clients.

Sagiterra became a member of the Real Estate Association (Mauritius) Ltd - (REAM) during the year.

The property development activities of the group in 2013 can be summarized as follows:

The gated residential development "Harmony" at Pointe aux Piments was launched last year. It has been developed in accordance with the *Maurice Ile Durable* concept, one of the very first to be implemented in Mauritius. A photovoltaic farm for street lighting, French drains in replacement of concrete ones, minimum hard surfaces and extensive landscaping have been put in place. The infrastructure works fell behind schedule due to adverse weather conditions and are now due for completion during the second quarter of 2014, with the morcellement permit expected by June 2014. The marketing of "Harmony" was split into 2 phases: phase 1 was successful, with 75% of the lots having been reserved, while phase 2 should be launched during the third quarter of 2014. We are confident that the investing public will respond as positively to this second phase.

The low to middle income segment of the market is also of interest to us and a small experimental housing complex aimed at that segment is being implemented on a portion of land contiguous to "Harmony".

Proceeds on land disposals of MUR 98.8 M (2012: MUR 39.9 M) were received by the group in the course of the year and a profit of MUR 25.9 M was recognised thereon (2012: MUR 22.8 M).

2013 has been a difficult year for Sagiterra. Morcellement permits, which were expected early during the year, were only issued as from late November. The company's income stream was thus deferred, with a direct impact on turnover, which fell by 48%. This loss in earnings should however be recovered in 2014.

Sagiterra earned fee and commission income of MUR 13.8 M during the year (2012: MUR 26.5 M) and recorded a loss of MUR 7.7 M (2012: profit of MUR 2.7 M).

Beau Plan Master Plan

The long awaited Valentina – Ebène – Terre Rouge highway was commissioned in late 2013. Besides being a very scenic road offering stunning panoramic views, it has vastly improved the connectivity of the North with the rest of the country, with Beau Plan being now, for example, under forty five minutes from the SSR International Airport or twenty minutes from the Ebène Cybercity

As expected, there has since been renewed interest for office space in our Beau Plan Business Park (BPBP), with new space having been rented out or reserved. The occupancy rate of BPBP should improve substantially during the current year.

Over the past few years, we have been working on a Master Plan for our Beau Plan lands. It consists of an innovative and well planned mixed use development of an extent of about 88 hectares developed around the concept of Tropical Urban Excellence (TRUE), which aims at providing an excellent quality of life for all, while minimising its impact on the environment. It will focus on higher value economic activities, taking advantage of Beau Plan's good connectivity and will be a development that is capable of adapting to environmental, social and other changes over the long run.

The Master Plan has been presented to the Board of Investment (BOI) and has been included on the Fast Track programme recently put in place by the latter.

Managing director's review of operations (cont'd)
Property management & construction (cont'd)

Construction

The group's interests in the construction industry are vested in two companies, namely Terrarock Ltd, in which the group owns a 54% stake, and Rehm Grinaker Construction Co. Ltd (RGC) in which it holds 35.5%.

Terrarock, incorporated in 1990 to improve our policy of field derocking, is involved in the manufacturing and sale of building materials, consisting mainly of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to the United Basalt Products Ltd.

2013 was an average year for Terrarock. The gross profit margin of the stone crushing business decreased by 2.4% compared to 2012. This was mainly attributable to lower sales volumes coupled with an increase in fixed production costs such as plant maintenance. As a result, profit after tax decreased marginally by MUR 3.7 M to MUR 21.2 M.

RGC is one of the leading multi-disciplinary construction companies in Mauritius and is managed by Grinaker-LTA South Africa under a management contract. The construction industry as a whole has suffered a deflation of 15% since 2011 as per Statistics Mauritius latest figures. RGC's turnover for the year has also decreased but despite this tough economic environment, this figure is expected to be at around the MUR 1.775 Bn mark at June 2014, with a positive profit before tax. The focus is now on securing work for the 2014-15 financial year.

In 2013, Terra subscribed an amount of MUR 21 M to RGC share capital for working capital purposes. The group's share of profit amounted to MUR 7.9 M for the year, compared to a loss of MUR 46.1 M in 2012.

The old wrenches

These massive 15 kg wrenches have been used by Jean Alain to loosen and tighten Beau Plan sugar mill's bolts for many years. Now that the mill has become a museum, he shares his anecdotes with curious visitors who are impressed by these uncommon instruments. Having never left this mill since 24 years, he knows all its particularities like the back of his hand.

Managing director's review of operations (cont'd)
Leisure, finance and investments

LEISURE

The group now owns 95.2% of Sugarworld Ltd, a company in the leisure sector comprising a museum, a boutique and a restaurant, commonly known as *L'Aventure du Sucre*.

Sugarworld Ltd continued to play a major role in the tourism sector in 2013. In spite of unfavourable market conditions which prevailed, *L'Aventure du Sucre* welcomed an increasing number of visitors to reach a total of more than 782,000 since its opening in 2002.

Despite a general slow-down in the economy, particularly in the hospitality sector, the turnover rose by 6% to reach MUR 57 M in 2013, while profit after tax amounted to MUR 2.9 M, a reduction of 39 % compared to 2012. The results were impacted by inflated prices of goods and services, as well as one-off costs associated with the integration of the company in the Terra group. A continued cost control approach, as well as our long experience in the tourism market and promotional campaigns of the product helped in sustaining growth and profitability.

With the uncertain economic conditions which continue to prevail, the year ahead remains challenging for the tourism sector. The company will concentrate on its medium term growth objective of 9%. A focus on the company's human resources is essential to maintain and strengthen its goodwill on the market. Management will endeavour to improve its communication strategy, notably by increasing the e-visibility of the product in our main international markets.

FINANCE

The Swan Group

Swan's merger with CIM Insurance, effective as from July 01, 2012, took its full effect in 2013 with a contribution of MUR 425 M to turnover. Terra's effective holding now stands at 33.5% in the Swan group.

Long term operations results improved by 14%, driven mainly by higher gross premiums, improved investment and other income. Both local and international stock markets posted appreciable gains during the year as the global economy improved and provided support to the equity portfolios. Nevertheless, the life assurance business remains challenging in view of the reduction of disposable income, as well as the attraction to more tangible assets. Total net premium of the Life Assurance Fund increased from MUR 2.2 Billion in 2012 to MUR 2.4 Billion in 2013 and the life assurance fund of Anglo-Mauritius rose by 17% to reach MUR 28.4 Billion.

The Swan group's profit after tax increased by MUR 67.6 M to MUR 253.9 M, attributable mainly to a prudent underwriting approach and efficient claims management strategy in order to achieve sustainable growth and profitability. Underwriting surplus thus reached MUR 451 M in 2013, a 12.7% increase compared to MUR 400 M for 2012. This improvement in overall results is also attributable to better investment income achieved from the good performance of its main subsidiary, The Anglo-Mauritius Assurance Co. Ltd, which resulted in an increase in the dividend paid to Swan of MUR 23 M. Swan also sold its investment in Maritim (Mauritius) Ltd during the year, realising a profit of MUR 19 M.

The contribution of Swan to group after tax profit amounted to MUR 75.9 M (2012: MUR 54 M).

FINANCE (cont'd)

Banyan Tree Bank

Banyan Tree Bank Limited, the 21st commercial bank in Mauritius, started its operations in February 2013. Terra owns 10% of the bank, alongside other investors who have wide experience in banking and financial services. The investment reflects Terra's intent to consolidate a presence in the financial services sector.

During its first year of operations ending December 31, 2013, the bank's strategy focused on balancing growth and risk management while continuing to invest in growing its roots in Mauritius. Despite a challenging macroeconomic environment the bank made significant progress with sustained improvements in the deposit base, investments and loan growth. As at December 31, 2013, the bank successfully raised total deposits of some USD 9.0 million (including USD and MUR deposits) and achieved its financial objective of breaking-even on an operational basis.

AceTer Global

In March 2013, AceTer Global Ltd (AceTer) was incorporated with Terra as its major shareholder with a 79% stake. AceTer subsequently applied for and was granted a management licence by the Financial Services Commission of Mauritius in September 2013.

Since the granting of its licence, AceTer has grown and presently has under its administration and management a portfolio of around 20 institutional clients (including GBC1, GBC2, Trusts and others types of structures). The long term objective of the company is not only to increase its portfolio of clients organically but also to grow possibly through the acquisition of, or the merger with another management company.

Despite the recent global economic conditions and uncertainties concerning the Double Taxation Avoidance Agreement sector between Mauritius and India, we are confident that AceTer is well placed to assist investors interested in the African continent.

INVESTMENTS

United Investments Limited (UIL)

In late December 2013, the group acquired 29% of UIL's capital. This acquisition was in line with our policy of diversifying our activities outside our core competencies and it was felt that UIL, with investments in financial services and hospitality through AXYS and Attitude Resorts, would serve that purpose, while interesting synergies also existed with Island Fertilizer Ltd and Mecom, subsidiaries active in agriculture related fields.

UIL is an investment holding company and, as such, has adopted IFRs 9 and 10 in terms of which the fair value changes of the investees in their portfolio are accounted directly through the Profit & Loss Account instead of being consolidated. As the acquisition of our stake in UIL took place late in the year, no income was accounted for in Terra's books for 2013.

The coming year should see substantial developments in UIL's financial services sector with the acquisition of Caversham SA and the subsequent planned merger with UIL's Swiss subsidiary, NWT. AXYS will also expand its footprint into Africa next year, with Kenya and South Africa being the first investment destinations. UIL has started a private equity joint venture with a focus on East Africa and offices in Mauritius and Zambia.

On the hospitality front, Attitude Resorts is looking to increase the number of rooms under management during the year, which should result in significant economies of scale and increased market visibility. The tourism market is still subdued, with prices still at deep discounts to the heydays of 2007/08. Whilst a significant improvement in prices is not foreseeable going forward, we do think that the segment in which Attitude operates, namely the 3-4 stars hotels, has the potential to expand further.

Managing director's review of operations (cont'd)

Leisure, finance and investments (cont'd)

INVESTMENTS (cont'd)

Harel Mallac & Co Ltd (HMC)

HMC is a publicly quoted conglomerate mainly involved, either directly or through its subsidiaries and associates, in the following business segments: Chemicals, Technology, Engineering, Distribution, Services and Property.

Terra holds directly and through holding entities over 26% of HMC's capital. However, it is not represented on HMC's Board. Consequently, it does not exercise significant influence on the company and is unable to equity account HMC's results.

HMC has published an after tax loss of MUR 42.7 M for the year to December 2013 (2012: Loss of MUR 96.3 M). A dividend of MUR 2.4 M was received during the year (2012: MUR 2.4 M).

Alcohol & Molasses Export Ltd (AMCO)

The group owns a 41.9% interest in AMCO, a company whose main activity is to trade in molasses.

During the first semester of 2013, trading conditions were characterised by an excess supply of molasses on the world market, with both AMCO's selling prices and sales volumes suffering a drop. The market however recovered during the second semester, enabling the company to improve sales and partly mitigate its unfavourable performance to date.

The group's share of after tax profit of AMCO for the period under review decreased to MUR 15.5 M (2012: MUR 26.7 M).

Based on the positive trend encountered so far, the 2014 results are expected to be better than those of 2013.

Orange Madagascar (OMA)

The group's effective interest in OMA is 5%.

OMA's turnover for 2013 increased by 4.9% to MUR 2,833.2 M (Euro 68.5 M) on the back of increase data services and improved tariffs which had a positive impact on the incoming prepaid revenue.

Net profit after tax in 2013, amounted to MUR 359.8 M (Euro 8.7 M) against MUR 191.3 (Euro 4.7M) in 2012.

The 2013 net profit was boosted by the one off income of Euro 7 M derived from OMA stake in Orange Money. Excluding this one-off item, OMA experienced a 41% increase in net profit after tax for the current financial year, which was attributable to improved data services revenue and a reduction in depreciation and finance charges for the year.

On OMA's December 2013 balance sheet, the gearing ratio remains low at 8.7%. Politically, there was a positive breakthrough in Madagascar with the induction of Hery Rajaonarimampianina, an ex-finance minister backed by the outgoing head of state, Andry Rajoelina, as President on January 25, 2014. This encouraging development is set to have a positive impact on growth and investor sentiment and should lead to improved relationships with the international community.

On March 25, 2014, OMA's Board declared a dividend of MUR 95.1 M (Euro 2.3 M), payable by end of June 2014.

Maritim (Mauritius) Ltd

In 2013, the group disposed of its remaining stake of 2.8% in Maritim (Mauritius) Ltd, inherited from the amalgamation with The Mount Sugar Estates Company Limited, at the same price as was obtained from the arbitrator for the sale of its initial stake of 4.23%. The profit realised on this last sale amounted to MUR 12.4 M. The group is no longer a shareholder of Maritim (Mauritius) Ltd.

Cyril Mayer
Managing Director
May 14, 2014

Terra Foundation

Mr Go Green (GG), the green month's mascot

The ecological pen

This biodegradable ballpoint pen is made essentially of potato starch, renewable raw material and other biomaterial, allowing us to write the future of the foundation…ecologically.

Terra Foundation

Terra Foundation was created as an exclusively Corporate Social Responsibility (CSR) dedicated entity in December 2009 to ensure better coordination and sustainability for the group's CSR initiatives in favour of the community.

The group's social responsiveness therefore comes principally via Terra Foundation which finances projects initiated by non-governmental organisations (NGOs) and local grassroots associations. In effect, this approach can be seen to address the issue of inter-generational equity that is central to sustainable development.

Terra Foundation's main objective is to contribute, at a regional and national level, to the development of the community around the group's industrial sites and in the country at large, according to the National CSR Guidelines[1].

As per the group's vision, Terra Foundation commits itself to manage its operations in a socially responsible and sustainable manner, in order to contribute more significantly to the development of the communities and to prepare upcoming generations for future challenges.

The CSR Manager, who manages the activities of the foundation under the stewardship of the CSR Committee, has the core responsibility to pre-select, appraise, support and follow-up the projects sponsored in the Mauritian community. Two yearly monitoring meetings with the NGOs or responsible people implementing the projects are organised to ensure their smooth running and progress and to show the commitment of the group.

Terra Foundation started its activities in 2013 with a corporate project, namely a "Green Month", aiming at raising the awareness of the employees of the group and of the public in general on the importance of good habits and of focussing on the 3 "R"s - Reduce, Reuse and Recycle, in collaboration with *Mission Verte*, *Mouvement pour l'Autosuffisance Alimentaire* (MAA) and other green service providers.

The activities proposed during this "Green Month" were:
- GG, a mascot dressed in a costume made of recycled materials, visited the companies by surprise as a teaser prior to the launching of the Green Month;
- Green decorations made with the waste materials of each company were displayed in the reception areas of the group to serve as reuse example;
- Awareness sessions and compost making by *Mission Verte;*
- Easy planting methods and distribution of seeds by MAA;
- Exhibition and promotional sale of green services and products;
- Cleaning days in the group encouraging the employees to put into practice the 3 "R"s, focussing on the reuse of paper and recycling;
- An inter-group competition for the collection of plastic bottles and materials. The aim was to reach at least 80 kilos, which is the approximate volume required for the manufacture of a garden table and benches. At the end of the competition, in May 2013, a total of 352 kilos was reached and the group thus bought back, in the course of the year, four garden tables made of the plastic materials contributed by the employees. These tables are now in the lunch areas of various group companies.
- It was proposed to employees to act on a specific theme every week as follows:
  - o The 3 "R"s;
  - o Car-pooling;
  - o Reduction of wastage (of food, water and electricity);
  - o A plastic-free week.

The main aims of this month were also:
- To start the regular collection of sorted waste within the group; this practice has been in place since February 2013 for most of the companies of the group.
- To reduce the consumption of paper in the group; most of the companies were able to reach their paper reduction targets and some managed to do better than the targets.

In 2013, the community days involving the staff of the group were dedicated to the transformation of a classroom for the new school of *Autisme Maurice* in the North and the welcome at Belle Vue of Rodriguan students from nine schools, during their educational tour in Mauritius. The staff also gave a helping hand to a colleague victim of the flash floods in 2013 and participated in the Clean-Up Mauritius campaign.

Listed below are the projects supported by the foundation in 2013 according to its areas of intervention:

1. Education and training

Sponsorship renewed in 2013:
- *Les Amis de Zippy*
- The ZEP school H. Ramnarain
- *Mouvement Civique de la Baie du Tombeau*
- *Action Familiale*
- LEAD - Leadership and Empowerment for Action and Development
- *Collège Technique St Gabriel*
- *Quartier de Lumière*
- *Association des Parents d'Enfants à Besoins Spéciaux (APEBS)*
- ARISE
- St Patrick's College.

1 *www.nef.mu/csr*

New projects sponsored in 2013:
- ***Batisseurs de Paix***, for the partial sponsorship of the caregivers fees of the kindergarten and the literacy class.
- **Terrain for Interactive Pedagogy Through Arts (TIPA)**, for the sponsorship of the educators and activities for the Guy Rozemont Government School.
- ***Oasis de Paix***, for the sponsorship of the equipment for the wood workshop of their new school.
- ***Caritas Solitude***, for the sponsorship of the playground equipment for their new kindergarten.
- ***Caritas Rivière-Noire***, for the partial sponsorship of the project *"Techniciennes de Maison"* to enable the vulnerable women of the area to participate in training sessions.
- ***Maison Familiale Rurale du Nord***, for the partial sponsorship of an eco-school, whose project is to train the vulnerable students in organic agriculture.
- ***Elles C Nous***, for the sponsorship of the meals of the vulnerable children attending remedial classes at the centre on a daily basis.
- **AIESEC Mauritius**, for the sponsorship of the training of some 100 youths in leadership.

Meal allowance
Sponsorships were maintained for the daily meals of some 125 children in the following NGOs:

- *Atelier de Formation Joie de Vivre*
- *Association Amour Sans Frontières*
- *Etoile du Berger*

Disability
The education and development of the physically or mentally impaired in the care of the following NGOs were maintained:

- *Lizie dan la main*
- *Association Dominique Savio*
- *Association la Courte Echelle*

New projects sponsored:
- **APEIM**, for the sponsorship of two vulnerable students attending the workshop of Port Louis and for the art and crafts materials.
- **Association for Disability Service Providers**, for the sponsorship of 7 vulnerable children attending the school.
- **United Skills Workers Cooperation**, for their public collection.

2. Poverty alleviation and health care

Maintained sponsorship in this field for 2013 were in favour of:
- **SAFIRE**
- **SOS Children's Villages Mauritius**
- **SEED Caritas Solitude** *La Caze Lespwar*
- ***Association Culturelle Yalla***
- **Human Service Trust**
- ***T1 Diam's***
- **Link to Life**

New projects sponsored:

Poverty alleviation
- ***Mouvement Civique de la Baie du Tombeau***, for the partial sponsorship of equipments and of the caregivers fees for the new 'Safe House' project: *'L'Abri de Lumière'* providing care to teenage mothers.
- ***Mouvement pour l'Autosuffisance Alimentaire***, for the sponsorship of an egg project for the vulnerable people of *'Camp Firinga'* at Pointe aux Sables.
- ***L'Association les Enfants d'un Rêve***, for their fundraising activity for the vulnerable children of Richelieu.
- ***Foyer Père Laval***, for a lunch at Belle Vue for the abandoned children cared for by this NGO.
- ***Sailing pour Tous***, for the snacks and refreshments of the vulnerable children attending their weekly training during school days and holidays.
- ***Société de Secours Mutuels de Pointe aux Piments***, for the sponsorship of school materials for vulnerable children.

Health care
- ***Autisme Maurice***, for the equipping and painting of a classroom to enable those responsible for the association to start a new school in the North.
- **Global Rainbow Foundation**, for the sponsorship of five artificial limbs for amputees.
- ***Groupement des Diabétiques***, for the sponsorship of their participation in the 'Salon de la Santé'.
- ***Centre de Solidarité***, for the sponsorship of the sound system on the occasion of the candlelight activity in the North.
- **Open Mind** for their public collection.
- ***Centre d'Accueil de Terre Rouge*** for a transport to enable its beneficiaries and their families to participate in their Family Day.

3. Environment

Sponsorship renewed in 2013:
- Mauritian Wildlife Foundation

New projects sponsored:
- ***Mission Verte***, for awareness sessions in the community centres and other institutions in the North.
- **Reef conservation**, for their participation in an exhibition on biodiversity.
- **Clean-Up Mauritius campaign**, by putting at the disposal of the District Council of Pamplemousses loaders, trucks, lorries and labour during four week-ends for the regions of Triolet, Fond du Sac, Plaine des Papayes and Pamplemousses.

Terra Foundation (cont'd)

The rebranding of the foundation and its new motto **'A rock solid partner'** further demonstrates the will of the foundation to be a stepping-stone enabling people to develop themselves and progress in life via the valid projects submitted by non-governmental organisations.

4. Sports

Sponsorship renewed in 2013:

- Trust Fund for Excellence in Sports.

New project sponsored:

- ***Association de Développement de Pamplemousses***, for the equipment and the transport costs of their football school.

5. Projects sponsored in Rodrigues

Every year, the foundation earmarks a budget for Rodriguan projects. In 2013, the sponsorship of the following projects was renewed:

- ***Caritas Rodrigues*** for their daily meal project and for the fees of three youths for their university studies in Mauritius.
- **Educational tour in Mauritius**, partial sponsorship for the transport, accommodation, meals and activities for one day for the standard V students coming from nine schools.

6. National calamities

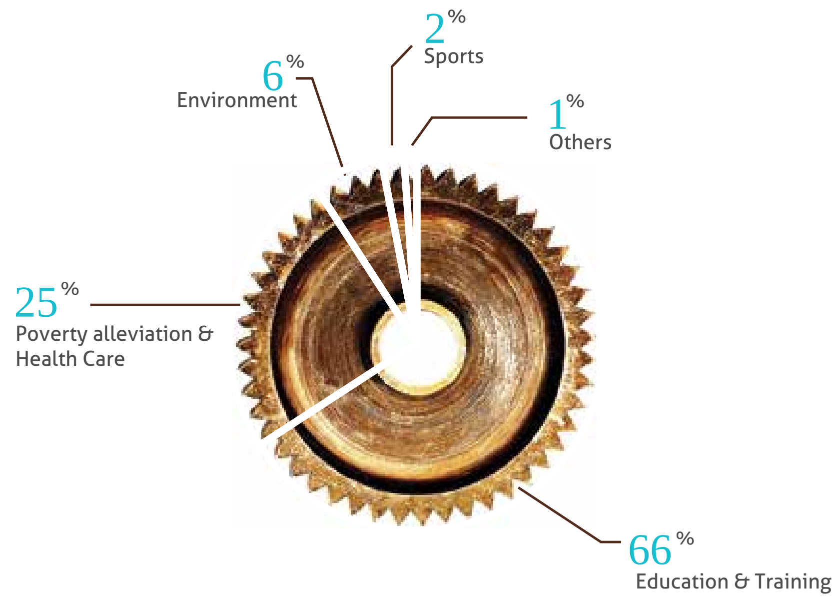
Terra Foundation donated MUR 600,000 to the Mauritius Chamber of Commerce and Industry Foundation for the sponsorship of equipment and food for the victims of the flash floods of March 30, 2013. The group also put two vehicles at the disposal of NGOs for the delivery of foodstuffs and other materials to the victims and also put at the government's disposal the services of two Bell loaders to assist in the clearing of obstructed places.

7. Others

- ***Pedostop***, for the training of future trainers and for the awareness sessions to the general public throughout the island.
- ***Fraternité Nord Sud***, for an outing for the vulnerable children of Ste Croix.

Percentage of contributions

The foundation received a total of MUR 12.2 M, including contributions from non-group entities. After deduction of administrative expenses, the funds were allotted to NGOs and projects as follows per area of intervention:



Louis Denis Koenig
Chairman, CSR Committee
May 14, 2014

Human resources

Mission statement

The Group Human Resources (HR) department continues to strive to adopt more proactive approaches in order to meet the group's strategic objectives.

2013 in review

2013 has been a very challenging and rewarding year for our team. The events and activities organised around the commemoration of the 175th anniversary of Terra and our rebranding exercise were plentiful and had a great success. Several key events included the Cane Cutting exercise, whereby over 500 employees were selected with the aim of creating our logo "175 Terra" in a sugar cane field and the event *"Terra et tes racines"*, where all Terra employees gathered, for the first time in the group's history, for a festive and musical event celebrating its origins and new identity. The celebrations were concluded by an interactive exhibition, *"Passer par l'Avenir"*, whereby employees, shareholders and the Mauritian public had the opportunity to discover the illustrated rich history of the group, linked to that of our nation, Mauritius.

In 2013, the Group HR department launched a succession planning exercise that was carried out in all of the group's companies. This was done with the aim of ensuring business continuity, by identifying potential successors in critical positions and high performing individuals. This integrated approach is aligned with our recruitment, talent development, and retention strategies, to ensure that the organisation has candidates whose present and future potential contribute to their individual success and to the success of the group.

The implementation of a Performance Management System has been completed for several companies at Terra in 2013 and we aim to extend this implementation to the remaining group companies in 2014. Grays Inc. Ltd has taken this exercise one step further by introducing an online platform, where this exercise is carried out with great success.

At Terra, we believe that effective internal and external communication is vital to enhance the transparency of our activities to all our stakeholders. Internal communication was further improved by using the group's intranet *(Interraction)* platform to pass on key messages and to update employees on the various activities of the different companies. We also have a strong presence in social media networks. 2014 saw the birth of a Communication Protocol Manual, which aims at meeting the group's communication objectives and improving the way we interact with our various stakeholders.

Terra carries out, on a regular basis, Employee Satisfaction surveys, in order to measure the level of satisfaction within all the different group companies. In 2014, a step further will be taken, where an Employee Engagement Survey will be conducted and part will be taken in the National Engagement Survey for Mauritius. This will enable us not only to compare our progress with that of previous years, but also to benchmark ourselves against other companies in Mauritius and throughout the world. These results will help us to focus on short to medium term HR priorities.

At Terra, we strongly encourage our employees to partake in training courses that will help them achieve their developmental goals, which in turn provides us with a higher skilled workforce. In depth training needs analysis is done within each company and training plans are elaborated as a result. In 2013, a total of MUR 4.9 M was spent at group level in training, which represents an average of some MUR 5,458 per employee.

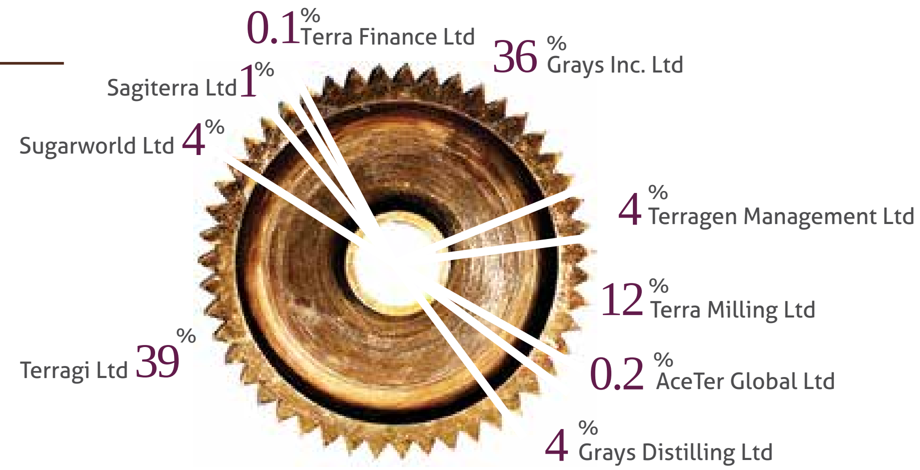
Action Plan 2014

The focus in 2014 will be on maintaining and further reinforcing the group culture and getting employees to not only understand our values, but make them a part of their lives in both their work and family environment. There will be a strong emphasis on talent management, retention and employee engagement. We are looking to continue to build upon our successes in 2013 and strengthen our employer brand.

Human resources (cont'd)

PROPORTION OF EMPLOYEES
(OUT OF A TOTAL OF 1,303)

per group company as at
December 31, 2013



AGE GROUPS OF EMPLOYEES

as at December 31, 2013

Board of Directors

Margaret Wong, Jean de Fondaumière, Alexis Harel, Alain Vallet, Henri Harel

Hubert Harel, Dominique de Froberville, Maurice de Marassé Enouf, Daniel Nairac, François Montocchio, Cyril Mayer

Board profile

DANIEL NAIRAC (70 YEARS OLD)

BA Honours (Classics and PPE) (Oxford)
Nonexecutive Chairman – First appointed to the Board 2012

Daniel Nairac started his career as economist with the Charter Consolidated Anglo-American Group in London in 1968. He stayed with that group up to 1976, as a member of the management team in Paris and as Administration Manager of a copper-cobalt project in Zaire. After a brief stay in Mauritius between 1976 and 1979, where he worked for the Espitalier-Noël group, he again left for Europe, first working as an advisor to diamond companies in Antwerp, and then, as from 1981 until his retirement in 2005 as Divisional Manager and Senior Advisor to the directorate, for the ACP-EU Centre for the Development of Enterprise in Brussels. Now based in Mauritius, he continues to collaborate with a mining company in Africa and is the director of a mining exploration offshore company based in Mauritius.

MAURICE DE MARASSÉ ENOUF (68)

Nonexecutive director
First appointed to the Board 2007

Maurice Enouf started his career at De Chazal Du Mée (Chartered Accountants) in 1963 and briefly worked for the Rogers group. He then joined Flacq United Estates Ltd as Group Internal Audit Manager in 1973. He was appointed Group Accountant for Medine S.E. in 1983 and, soon after, was promoted Chief Accountant and Finance Manager of the WEAL Group, a post that he occupied until his retirement in 2001. He is at the moment self-employed.

Directorships of listed companies:
- Innodis Ltd
- Mauritus Oil Refineries Ltd

JEAN DE FONDAUMIÈRE (60)

Chartered Accountant (Scotland)
Independent Nonexecutive director – First appointed to the Board 2002 as nonexecutive director and reappointed in 2010 as independent nonexecutive director

After serving in managerial positions in Australia, Jean de Fondaumière served as Group Chief Executive Officer of the Swan Group (Swan Insurance Co Ltd and The Anglo-Mauritius Assurance Society Limited) from 1997 until December 31, 2006. He acted as Chairman of the Stock Exchange of Mauritius Ltd from 2002 to December 2006. He is a director of a number of companies involved in various economic activities such as tourism, finance, agriculture and commerce in Mauritius and the region. He is a member of the Corporate Governance Committee of the company.

Directorships of listed companies:
- Lux Island Resorts Limited
- Alteo Limited

DOMINIQUE DE FROBERVILLE (54)

Maîtrise en Chimie Industrielle (France); MBA (England)
Nonexecutive director - First appointed to the Board 2003 and reappointed in 2010

Dominique de Froberville started his career as Production Manager in the paint and optical industries before being appointed to managerial positions in the operational divisions of two textile groups. He joined Mauritius Freeport Development Co Ltd in 2001 as Director of Operations and has since been promoted to the post of Chief Executive Officer. He served as a Board member of the company from 2003 to 2006 and as Audit Committee member between 2003 and 2005. He has been a council member of the Mauritius Employers Federation and is a council member of the Mauritius Exporters Association.

ALEXIS HAREL (51)

BSc (Bus. Admin) (USA)
Executive director – First appointed to the Board 1999

Having started a career in auditing with De Chazal Du Mée (Chartered Accountants), Alexis Harel then occupied managerial positions in the industrial and IT sectors before joining Grays as Commercial Executive in 1992. He is a member of the Terra's Management Committee.

Directorships of listed companies:
- Lux Island Resorts Limited
- United Docks Ltd

HENRI HAREL (53)

ACIS (South Africa)
Executive director – First appointed to the Board 1996

Henri Harel first worked in South Africa as an auditor with De Ravel, Boulle, Saad & Wyman (Chartered Accountants). He then occupied the post of Internal Auditor with Toyota S.A. Manufacturing and that of Financial Accountant at Amalgamated Beverage Industries Ltd (Coca-Cola). Upon his return to Mauritius in 1991, he worked for Société de Gérance de Mon Loisir as Financial Controller until 1996, when he joined Harel Frères Limited in a similar capacity. He is at present the group's Chief Finance Officer and a Management Committee member. He has also been the Chairman of the Sugar Industry Pension Fund and of its Finance and Investment Committee.

Directorship of listed companies:
- Swan Insurance Co Ltd

HUBERT HAREL (49)

National Diploma in Management, Technikon, Natal (South Africa)
Nonexecutive director – First appointed to the Board 2012

Hubert Harel started his career in South Africa in 1988 with South African Clothing (Seardel group). Upon his return to Mauritius in 1991, he occupied managerial positions in the operations division of two textile groups. From 2005 to date he has been the Managing Director of Standard Labels Limited. He was a director of The Mount Sugar Estates Company Limited from 2008 until the amalgamation of that company with Harel Frères Limited on January 01, 2010. He currently serves as director on several domestic and off-shore companies.

CYRIL MAYER (62)

BCom, Chartered Accountant (South Africa)
Managing Director – First appointed to the Board 1992

Cyril Mayer joined the group as a management executive in 1988. He served as Executive Chairman from 1992 to 2003, when he stepped down and was appointed Group Managing Director. As such, he has overall responsibility for group activities and heads the Management Committee. He has served on most of the sugar sector institutions, the Mauritius Employers Federation and the Joint Economic Council.

Directorships of listed companies:
- Swan Insurance Co Ltd (Nonexecutive chairman)
- United Docks Ltd

FRANÇOIS MONTOCCHIO (68)

Fellow of the Association of International Accountants (UK)
Independent nonexecutive director – First appointed to the Board 2010

François Montocchio was an Executive Director of Harel Mallac & Co Ltd between 1967 and 1982. He then left for South Africa where he held financial and administrative positions. On his return to Mauritius in 1994, he was appointed Financial Manager of Compagnie des Grandes Surfaces Limitée. He became thereafter the General Manager of Standard Continuous Stationery Ltd in 1995 and created Standards Labels Limited in 1997. He was the Chief Executive Officer of Harel Mallac & Co Ltd from 2005 to 2007 and a member of its board of directors between 2005 and 2010. He was also the Chairman of The Mauritius Chemical and Fertilizer Industry Limited up to September 2007 and the Chairman of The Mount Sugar Estates Company Limited from July 2007 until its amalgamation with Harel Frères Limited on January 01, 2010.

Directorship of listed companies:
- The Mauritius Development Investment Trust Company Ltd

ALAIN VALLET (59)

Advanced Certificate in Business Studies (London)
Executive director – First appointed to the Board 1992

Alain Vallet joined the group in 1979 as marketing executive for wine and spirits. He actively participated in the re-engineering of the Grays cluster in the early eighties and was appointed Chief Executive Officer in 1989 and a Grays director in 1993. He is a member of Terra's Management Committee. He has served on 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.

Directorship of listed companies:
- Compagnie des Magasins Populaires Ltée

MARGARET CHUI PUING WONG PING LUN (60)

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

Margaret Wong worked as Manager of the Consultancy Department of De Chazal Du Mée, Chartered Accountants, between 1985 and 1990, when she joined the University of Mauritius as Lecturer in Accounting and Finance. She is a member of the Listing Executive Committee of the Stock Exchange of Mauritius and serves as an independent director on the Board of The Mauritius Commercial Bank Ltd.

Directorship of listed companies:
- The Mauritius Commercial Bank Limited

LOUIS DENIS KOENIG (47)

Maîtrise es Sciences Economiques (Economie d'Entreprise)
Diplôme d'Etudes Supérieures Spécialisées (Finance) – (France)
Management and Administrative Executive

Louis Denis Koenig worked as a Statistician at The Anglo-Mauritius Assurance Society Limited before joining the group in 1990 as Assistant Secretary. He is at present a member of the group's Management Committee and chairs the CSR committee of Terra Foundation. He held a Dealers Representative licence from the Financial Services Commission and has acted in such capacity for Cavell Securities Ltd, from 1992 up to October 2006. He was also a director of The Stock Exchange of Mauritius Ltd and of The Central Depository & Settlement Co Ltd and a member of the Index Management Committee (SEM 7) of the Stock Exchange until October 2006.

New appointment*
NIKHIL TREEBHOOHUN (59)

BSc. (Hons) Economy, Industry and Trade (London School of Economics) (UK)
Postgraduate Diploma in Financial Management, University of New England (Australia)
Postgraduate Diploma in Development Planning Techniques (Netherlands)
Fellow of the World Academy of Productivity Science

Upon his return to Mauritius in 1978, after his studies in London, Nikhil Treebhoohun started his career as a teacher in economics at secondary level. He then joined the civil service in 1981 as Economist at the then Ministry of Economic Planning and Development and was appointed as Senior Industrial Development Officer at the Ministry of Industry between 1986 and 1987. After being a lecturer in Economics at the University of Mauritius from 1987 to 1989, he was the first Projects Manager at the Industrial and Vocational Training Board (IVTB) between 1989 and 1992. He then set up the Export Processing Zones Development Authority (EPZDA) and was its director from 1992 up to 2000. He acted as the first Executive Director of the National Productivity and Competitiveness Council (NPCC) from 2000 to 2005, when he joined the Trade Section of the Commonwealth Secretariat as its Adviser and Head. In 2011 he was appointed as Chairman of Oxford International Consultants (Mauritius) Ltd and he has been, since December 2011, the Chief Executive Officer of Global Finance Mauritius.

* Mr Nikhil Treebhoohun will be proposed for election at the forthcoming Annual Meeting as independent director in replacement of Mr Jean de Fondaumière who, retiring by rotation, will not offer himself for re-election.

EDDY JEANNE - TERRAGEN

Management team

John Laguette, Alain Vallet, Noufail Manjoo, Edwige Gufflet, Sébastien Mamet, Henri Harel, Jean-Michel Gérard, Gilbert Bouic

Marie-Annick Auguste, Reynolds Laguette, Cyril Mayer, Roshan Seetaram, Christopher Park, Louis Denis Koenig, Jean Arthur Pilot Lagesse, Alexis Harel, Steeve Lareine, Bernard Desvaux de Marigny, Patrice Gourel de St Pern

Management information

Group functions:

Management Committee

Cyril Mayer	Managing Director
Alexis Harel	Executive Director
Henri Harel	Group Chief Finance Officer
Louis Denis Koenig*	Administrative Executive
Sébastien Mamet	Strategic Development Executive
Alain Vallet	Executive Director

* Also serves as Secretary to the Committee

Profiles of Management Committee members are set out on pages 62 and 63.

Accounts

Steeve Lareine	Group Accountant

Human Resources

Gilbert Bouic	Group HR Manager (Sugar Operations)
Christopher Park	Group HR Manager

Information Technology

John Laguette	Group IT Manager

Corporate Social Responsibility

Marie-Annick Auguste	CSR Manager

Cane:

Mauritius

Jean Arthur Pilot Lagesse	General Manager
Reynolds Laguette	Factory Manager

Côte d'Ivoire

Jean-Claude Conquet	General Manager

Power:

Terragen Management Ltd	Managers
Jean-Michel Gérard	Plant Manager

Brands:

Bottling and distribution

Alain Vallet	Managing Director
Alexis Harel	Commercial Director

Distillery

Patrice Gourel de St Pern	Plant Manager

Property management:

Bernard Desvaux de Marigny	Managing Director

Stone crushing and block making:

The United Basalt Products Limited	Managers

Leisure:

Edwige Gufflet	Managing Director

Offshore management:

Noufail Manjoo	Executive Director
Roshan Seetaram	Executive Director

Profiles of Managers are set out below and on the following page.

Management profile

MARIE-ANNICK AUGUSTE (43 years old)
BA Degree 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 Ltd in 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 CSR Officer of the foundation in May 2010.

GILBERT BOUIC (61)
Dip. in Occupational Safety & Health (Australia)
Advance certificate in HR Management (Mauritius Employers Federation/University of Surrey)
Gilbert Bouic joined the Group in 1973. He occupied various positions from Assistant Accountant, PRO to HR Manager in sugar companies of the Group and is, up to June 30, 2014, Group HR Manager at Terragri Ltd (Agriculture). He is an Associate member of the Chartered Institute of Management (ACMI).

JEAN-CLAUDE CONQUET (65)
Engineer (France)
Jean-Claude Conquet started his career as a Reseach and Developement Engineer in France in 1973. He then moved to Côte d'Ivoire in 1979 where he joined the SIFCA Group. He has held several managerial positions within the group, mainly in the coffee and rice processing and distribution sectors. He was appointed General Manager of Sucrivoire in 2005.

BERNARD DESVAUX DE MARIGNY (57)
Member of the Mauritius Institute of Surveyors (MMIS)
After qualifying as a Land Surveyor in 1981 and being in practice until 1987, Bernard Desvaux de Marigny set up the partnership "*Desmarais-Desvaux, Arpenteurs*" which he co-managed until 2001, when he joined the group as General Manager of Sagiterre Ltée.

JEAN-MICHEL GÉRARD (55)
After 15 years as a mechanical officer in the French navy, Jean-Michel Gérard joined Séchilienne-SIDEC in 1993 where, for the next 20 years, he held responsibilities as Engineer, then Trainer and finally as Manager.

Management profile (cont'd)

As such, he participated in the setting-up of Compagnie Thermique du Gol, in Reunion, and managed its power plant from 1994 to 1997. He also set-up and managed a power plant in Vietnam before managing that of Compagnie Thermique du Moule between 2001 and 2004. He has managed the Belle Vue power plant since July 2012.

PATRICE GOUREL DE ST PERN (55)
Certificate in Management Development (RASITC)
After working at the St Antoine distillery between 1979 and 1981, Patrice Gourel de St Pern joined the group in 1981 as Shift Supervisor at Grays Refinery Ltd. He was appointed Assistant Plant Manager in 1988 and Plant Manager in 1995. He is a member of the International Institute of Risk and Safety Managers and of the Association of Health and Safety Managers.

EDWIGE GUFFLET (45)
Maitrise es Sciences Economiques (France), MBA (USA)
Holder of an MBA and of a Political Sciences degree, 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 Ltd in 2003. The same year, she joined *L'Aventure du Sucre* as General Manager and was promoted as Managing Director in December 2012.

JOHN LAGUETTE (34)
BSc (Hons) (UK), MSc (UK), MBCS
After completing his studies in London in 2003, John Laguette started his professional career as IT Coordinator for the group. He left the company to join La Sentinelle Ltée in 2004 in the capacity of System 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. John Laguette is a professional member of the British Computer Society.

REYNOLDS LAGUETTE (61)
Member of the Institute of Engineering and Technology (UK), MBA (England)
Reynolds Laguette joined the group in 1974 as Instrumentation Engineer at the Belle Vue sugar factory. He was appointed Factory Assistant in 1983, Plant and Operations Manager in 1993, Deputy Factory Manager in 2004 and Factory Manager in 2006. He is a member of the *Société de Technologie Agricole et Sucrière de Maurice* and of the International Society of Sugar Cane Technologists.

STEEVE LAREINE (49)
Fellow of the Association of Chartered Certified Accountants (UK)
Steeve Lareine has been a Fellow of the Association of Chartered Certified Accountants since 2004 and is a member of the Mauritius Institute of Professional Accountants. He 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 in employment as Divisional Accountant at Rey & Lenferna Ltd. Steeve Lareine is also the Finance Manager of Terragen Ltd.

SÉBASTIEN MAMET (38)
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 M&A, business plans, finance raising and financial restructuring, among others. He joined Harel Frères in 2009 to head its new strategic development function. As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments.

NOUFAIL MANJOO (43)
Fellow Chartered Certified Accountant (UK)
Noufail Manjoo is a co-founder of AceTer Global Ltd. He is a specialist in company structuring and taxation. He first started his career in 1991 and has acquired a wide range of experience in auditing, tax, management and financial accounting and family office. He has managed various companies in the past including GE Capital (Mauritius) Ltd. He also serves as director in many offshore companies.

CHRISTOPHER PARK (31)
BCcom (HRM, Management and Business Law) (Australia), MCom HRM and Marketing (Australia)
Christopher Park holds a Master of Commerce Degree in Human Resources & Marketing. He has been working in the HR field for more than seven years. He started his career in Australia in 2006, where he worked for the largest Human Resource Consulting and Recruitment Company of the country, namely Chandler Macleod, as HR & Recruitment Consultant. Upon his return to Mauritius, in 2009, he joined Adecco Mauritius as Recruitment & HR Consultant. He then joined Enterprise Information Solutions (part of Cim Group) as their HR Manager in 2010. After one year, he was also offered the position of Corporate HR Manager for the Group. Following an organisational restructuring exercise within the Rogers group, he was employed by Rogers as Corporate HR Manager as from October 2012 until joining Terra as the Group HR Manager in December 2013.

JEAN ARTHUR PILOT LAGESSE (53)
BSc Agriculture (RSA), MBA (UK)
Jean Arthur Pilot Lagesse started his career as Assistant Agronomist at Belle Vue Sugar Estate in 1983. He left for Constance – La Gaieté S.E. in 1986, where he was promoted to more senior positions until 1998 when he moved to Mon Trésor – Mon Désert S.E. as Field Manager, a position which he held until 2006. He then joined The Mount Sugar Estates Company Limited as Managing Director and became part of the group upon its amalgamation with The Mount on January 01, 2010. He has since been appointed General Manager (Sugar Operations) upon the retirement of Denis Pilot in June 2010.

ROSHAN SEETARAM (42)
LL.M (International Commercial Law)(UK), LL.B (Hons) (UK), Dip in Legal Studies (UoM), F.MiOD
Roshan Seetaram is a co-founder of AceTer Global Ltd and partnered with Terra to form AceTer Global Ltd. He first started his career in 1991 and has acquired a wide range of experience in the Legal and Compliance fields, *inter alia* in legal drafting, acquisition and mergers, funds, AML/CFT, Fraud, Taxation, Health and Safety. He is a MQA approved trainer in the legal, AML/ CFT and Fraud fields. He is also a Fellow of the Mauritius Institute of Directors.

Statement of compliance

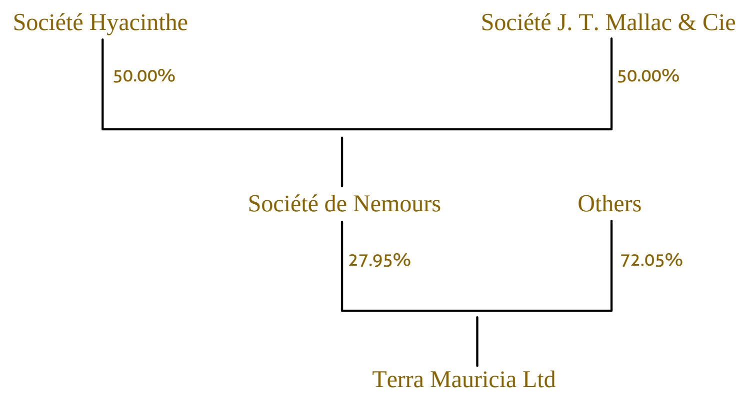
The Report on Corporate Governance for Mauritius, which was published in 2003, provides that all Public Interest Entities must comply with the provisions of the Code of Corporate Governance (the Code).

The Board acknowledges that the Code sets out best practices and this Corporate Governance report details how the principles of the Code have been applied within the group.

Except as specifically set out in this report, the Board considers that the group has complied in all material respects with the provisions of the Code for the reporting year ended December 31, 2013.

Holding structure

As at December 31, 2013 the holding structure of Terra Mauricia Ltd (Terra) was as follows:



Substantial shareholders

As at April 30, 2014, 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 the company.

Common directors

A number of directors were, at December 31, 2013, common to Terra and the above-mentioned holding entities. The details are set out in the following table:

	DIRECTORS OF HOLDING ENTITIES		
DIRECTORS OF THE COMPANY	Société de Nemours	Société Hyacinthe	Société J.T. Mallac
Maurice de M. Enouf	x		x
Dominique de Froberville	x		x *
Alexis Harel	x	x	
Henri Harel	x	x	
Daniel Nairac	x *		
Alain Vallet	x	x *	

* : Chairman

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.

The salient features of the constitution are:
- the wide objects and powers 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, to reissue and to sell any of them;
- the retirement by rotation of three directors at every Annual Meeting;
- the procedure for proposing candidates for election to the office of director;
- the ability of shareholders to cast postal votes; and
- the casting vote of the chairman.

On December 28 and 30, 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 Limited (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 November 23, 2011 (the "Scheme"), and requesting 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.

On the same day, the Board of Terragri Ltd, in order to reassure the dissenting shareholders that their rights had not been affected by the Scheme, 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 Ltd 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 is misconceived. Counsel had further opined that the claim amounts to an abuse of the process of the court. The claim was resisted and the matter was heard on May 25, 2012. On February 11, 2014, a judgement has been issued by the Supreme Court, dismissing the applications with costs and confirming that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders have given notice of appeal, which is being resisted by the group.

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 and identifies key risk areas, monitors and evaluates the implementation of policies and business plans, and approves the company's capital expenditure, investments 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 manage the work of the Board and to ensure that it operates effectively. The Managing Director is responsible for the day-today management of the group, leading the executive directors, preparing and submitting development strategies to the Board and making and implementing operational decisions.

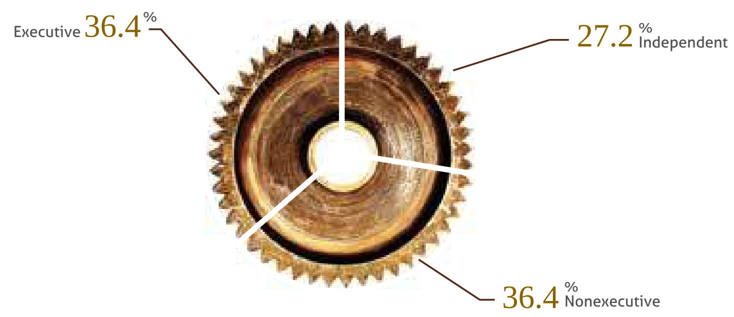
The Board of Terra met seven times during the year and the individual attendance by directors is set out on 73. One of those meetings was dedicated for a full day to the strategy of the group and a half-day was devoted to a meeting with an overseas consultant who talked about strategy planning.

Senior group executives are invited, when appropriate, to attend Board meetings and make presentations on the strategies and projects of their business units. The profiles of the senior group executives are set out on pages 66 and 67. Consultants are also invited to attend Board meetings when necessary. For example, representatives of the group's insurance company, the CEOs of ARHIM and of the Mauritius Sugar Syndicate, the Managing Director of a real estate agency and consultants for succession planning and Board evaluation made presentations to the Board during the year.

Other specific responsibilities are delegated to committees established by the Board, namely the Audit and Risk Committee, the Corporate Governance Committee, the Investment Committee and the Ethics Committee, which operate within clearly defined terms of reference and report regularly to the Board. Information on these committees is given below.

Board composition

In terms of the constitution, the Board of Terra consists of not more than eleven directors and its composition includes four nonexecutive directors, four executive directors and three independent nonexecutive directors.



Board composition (cont'd)

The following directors held office at December 31, 2013 :

Daniel Nairac (*Chairman*)	Nonexecutive
Maurice de Marassé Enouf	Nonexecutive
Jean de Fondaumière	Independent nonexecutive
Dominique de Froberville	Nonexecutive
Alexis Harel	Executive
Henri Harel	Executive
Hubert Harel	Nonexecutive
Cyril Mayer (*Managing Director*)	Executive
François Montocchio	Independent nonexecutive
Alain Vallet	Executive
Margaret Wong Ping Lun	Independent nonexecutive

The profiles of the Board members who held office during the financial year under review, as well as the directorships held by them in listed companies, appear on pages 62 and 63.

At the Annual Meeting held in 2013, four directors retired from office, either by rotation or under Section 138 of the Companies Act. Retiring directors were eligible for re-election and were all re-elected.

The Board is aware that the retirement of directors by rotation as provided for in the amended constitution is a departure from section 2.2.6 of the Code, which provides that each director should be elected (or re-elected as the case may be) every year at the Annual Meeting of shareholders.

While remaining committed to sustaining the highest standards of corporate governance, the Board is of the opinion that the standard provision of the Code is inappropriate 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 them, 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 a sustainable degree of prosperity.

Directors' interests in the share capital of Terra Mauricia Ltd

The directors' interests in the company's securities as at December 31, 2013 pursuant to the Listing Rules are as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
DIRECTORS	SHARES	%	USUFRUCT	%	SHARES	%	USUFRUCT	%
Maurice de M. Enouf	-	-	-	-	-	-	-	-
Jean de Fondaumière	-	-	-	-	-	-	-	-
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	17,183	0.01%	-	-
Henri Harel	50,720	0.02%	-	-	1,451,986	0.64%	-	-
Hubert J. Harel	75,000	0.03%	-	-	478,000	0.21%	-	-
Cyril Mayer	325,661	0.14%	-	-	1,114,673	0.49%	136,290	0.06%
François Montocchio	200	0.00%	-	-	2,445,364	1.07%	-	-
Daniel D. L. Nairac	-	-	-	-	-	-	-	-
Alain Vallet	262,490	0.12%	-	-	3	0.00%	1,135,710	0.50%
Margaret Wong Ping Lun	-	-	-	-	1,333	0.00%	-	-
Total	714,204	0.31%	-	-	5,508,808	2.42%	1,272,000	0.56%
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 24,500 shares of Terra were acquired by an associate of Mr Cyril Mayer and 100,000 shares were sold by an associate of Mr François Montocchio. 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, who is responsible for ensuring that Board procedures are followed. He also ensures that newly appointed directors are made aware, within one month of their appointment, 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.

Board Committees

• Audit and Risk Committee

Members :

Margaret Wong Ping Lun	Chairperson
Maurice de Marassé Enouf	Member
François Montocchio	Member

The three members of the Audit and Risk Committee are nonexecutive directors while the Chairperson is also an independent director.

The Committee operates under formal terms of reference modelled closely on the Code 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 the 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. In early 2013, the Committee was renamed Audit and Risk Committee and its terms of reference were enlarged to encompass the responsibilities of the group's risk management.

Contrary to the provisions of section 3.9.3 of the Code, the Group Managing Director is not a member of the Committee, on account of his dual function in respect of both audit and risk. However, he is invited to attend meetings devoted to risk matters.

No fees were paid either by Terra Mauricia Ltd or the group to BDO & Co for non-audit services. The signing partner has been signing the group accounts since 2009. A change in partner is scheduled in 2015.

The Audit and Risk Committee met six times and has satisfied its responsibilities for the year, in compliance with its terms of reference. At the first meeting, the committee met with the internal auditors to discuss two reports and proposed some changes to its terms of reference and to its name. At the second one, the audited financial statements were examined. The four other meetings were devoted to management letters, the annual report, the abridged quarterly financial statements and audit planning. Individual attendance by directors is set out on page 73.

The Directors acknowledge the ultimate responsibility of the Board for the risk management process. In order to enhance the existing oversight framework, the Audit and Risk Committee in 2013 has mandated the current Internal Auditors, Ernst & Young (EY) to put in place a formalised Risk Management Framework together with a risk register.

The formalised Risk Management Framework will allow the company to continuously monitor its risk environment and develop risk mitigating strategies accordingly, as well as assist management to better understand the extent to which risks are properly managed. The risk register will be maintained on an on-going basis and will provide detailed information on risks identified and mitigating controls. It will be updated on a needs basis to capture any emerging risk.

The Risk Management Framework takes into consideration management self-evaluation of controls in place for risks identified and determines where applicable, whether additional controls are required to better mitigate risks. Risks identified relate to the following areas:

> Cost competitiveness - Risks which might prevent the company from sustaining its economic viability;
> Stakeholder confidence - Risks which might prevent the firm from building stronger relationships with stakeholders ;
> Customer reach - Risks which might prevent the company from maximizing its potential market opportunity for products and services; and
> Operational agility - Risks which might affect the company from improving its ability to deliver effectively in a quickly changing market.

Financial risks form part of the Risk Management Framework. These may be defined as the risks that cash flows and financial assets are not managed cost-effectively to:

> maximize cash availability;
> reduce uncertainty of currency, interest rate, credit and other financial assets; and
> move cash funds quickly and without loss of value to wherever they are most needed.

Taking into consideration the fact that 26% of Grays Inc. Ltd is owned by a strategic partner and the complexity of its activities, a separate Audit Committee has been set up for that company. This committee is at present under the chairmanship of Mr Nardus Oosthuizen, a representative of the strategic partner, with Mr George Schooling and Mr Maurice de Marassé Enouf as members, and reports to the Board of Grays Inc. Ltd. The minutes of its proceedings are circulated to Terra's Audit and Risk Committee and Board. The Grays Inc. Ltd Audit Committee met on two occasions during the year. The first meeting focused on the audited financial statements, the report on external audit and the follow-up of internal audit reports. The second one reviewed the terms of reference of the committee and discussed the question of rotation of the audit partner.

Board Committees (cont'd)

• Corporate Governance Committee

Members :

Daniel Nairac	Chairman
Jean de Fondaumière	Member
Margaret Wong Ping Lun	Member
Cyril Mayer	(In attendance)

The three members of this Committee are nonexecutive directors, and two of them are also independent directors.

The Committee's functions are threefold:

- In its role as Remuneration Committee, its terms of reference include inter alia the development of the group's 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.
- In its role as Nomination Committee, it regularly reviews Board 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 Corporate Governance Committee met five times during the year and the attendance of individual directors at these meetings is detailed in the table set out on page 73. Apart from the second meeting, which was mainly devoted to nomination issues, the preparation of shareholders' meetings and the annual report, the other ones focused essentially on succession planning, Board evaluation and remuneration issues.

Upon the recommendation of the Corporate Governance Committee, the Directors and Officers Liability insurance policy was renewed during the year and the sum insured was increased by 50%.

A Board evaluation exercise was carried out in the last quarter of 2013 by an independent consultant during the course of which directors submitted for the first time to a 360° personal evaluation of their emotional intelligence. Following this exercise, they met individually with the consultant, in the presence of the Chairman, to discuss their personal results. A composite report was also produced and presented to the Board.

The directors also answered a questionnaire on the general functioning of the Board. The findings, which were reviewed by the Board in 2014, confirmed that, generally, the Board functioned satisfactorily. Areas which the Board felt could be improved were identified and concerned mainly the composition of the Board itself as well as the time and resources devoted to strategy by the Board. Remedial measures are being considered or implemented.

The Board took note, during the year, of the Managing Director's intention to retire at the end of 2016 and has entrusted the Committee with the task of identifying his successor. The Committee, in consultation with the Managing Director, has started working on the succession plan; appropriate steps are being taken, including the appointment of specialised consultants.

• Investment Committee

The aim of the Investment Committee is to assist the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee therefore 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 shall be nonexecutive directors and preferably independent. The Board appoints a chairman from the nonexecutive members of the Committee.

The members of the Investment Committee are:

Daniel Nairac	Chairman
Jean de Fondaumière	Member
Dominique de Froberville	Member
Cyril Mayer	Member
Henri Harel	Member
Alexis Harel	Member
Sébastien Mamet	(In attendance)

The Investment Committee met four times in 2013 and made recommendations to the Board in respect of investment policy and of some specific projects, such as the setting-up of AceTer Global Ltd, the subscription of additional capital in Rehm Grinaker Construction Co Ltd, the sale of shares in Charles Telfair Institute and the investments made in Banyan Tree Bank and United Investments Ltd. The attendance of individual directors at these meetings is detailed in the table set out on page 73.

• Ethics Committee

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 the Code is regularly updated.

Board Committees (cont'd)

• Ethics Committee (cont'd)

The members of the Ethics Committee are:

Daniel Nairac	Chairman
Daniel Capiron	Member
Alexis Harel (up to May 15, 2013)	Member
Maurice de Marassé Enouf (as from May 15, 2013)	Member
Henri Harel	Member
Louis Denis Koenig	Member

The group's Code of Ethics having been adopted since July 2005, the Committee set up a working committee made-up of representatives from the main subsidiaries to review the code. A revised version was submitted to the Board and approved. This new version includes, for the first time, a whistle-blowing policy, which will be monitored by Transparency Mauritius, an independent external body. A partnership agreement was signed with the latter in that respect at the end of 2013. Information sessions, which should reach all the employees of the group by the end of the year, have started with the help of Transparency Mauritius in order to introduce the new code, as well as the whistle-blowing procedure. The new code was officially launched during a ceremony held on April 16, 2014 and all the employees have been invited to renew their commitment to abide by it. A Group Ethics Officer function has been designed and the appointment of its holder will be effective as from July 1st, 2014.

The Committee met twice in 2013. The attendance of individual directors is detailed in the table set out below.

Board and Committee attendance

Directors are expected to attend, in person or by teleconference, all Board meetings and all Board Committee meetings of which they are a member, unless prevented to do so by 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, as well as at the Annual Meeting of shareholders, is set out below:

	Board	Corporate Governance	Audit and Risk	Investment	Ethics	Annual Meeting of shareholders held on June 26, 2013
No. of meetings	**7**	**5**	**6**	**4**	**2**	
DIRECTORS						
Maurice de M. Enouf	7/7	-	6/6	-	1/2	Yes
Jean de Fondaumière	7/7	5/5	-	4/4	-	Yes
Dominique de Froberville	7/7	-	-	4/4	-	Yes
Alexis Harel	7/7	-	-	4/4	-	Yes
Henri Harel	7/7	-	-	4/4	2/2	Yes
Hubert J. Harel	7/7	-	-	-	-	Yes
Cyril Mayer	7/7	4/4	-	3/4	-	Yes
François Montocchio	4/7	-	4/6	-	-	No
Daniel D. L. Nairac	7/7	2/2	-	4/4	2/2	Yes
Alain Vallet	5/7	-	-	-	-	Yes
Margaret Wong Ping Lun	7/7	5/5	6/6	-	-	No

Internal controls

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls put in place by management to respond to the above includes:

- Maintaining proper accounting records to ensure effective operation of the group's business and compliance;
- Implementing the strategies and policies adopted by the Board, and managing all of the group's activities, including the operation of the internal control system.

The Board has also established key processes for monitoring the system of internal control as follows:

- The Board has established a detailed organisation structure, including the delegation of appropriate responsibilities from the Board to the Board Committees, the Group Managing Director, members of the Senior Management, and to the heads of operating units;
- The effectiveness of internal controls is continually assessed by the Board by considering the recommendations of the Audit and Risk Committee, reports of the internal auditors, feedback from management and the external auditors;
- A proper Enterprise Resource Planning system is in place to provide financial and operational performance data for management accounting purposes;
- Review of the accounting information takes place on a regular basis at Audit and Risk Committee and Board level and remedial action is taken promptly, where necessary;

Internal controls (cont'd)

- A Code of Ethics has been adopted since July 2005 and is monitored by the Ethics Committee to govern the staff's conduct, which sets the standards of integrity and professionalism for the group's operation. The code has been reviewed in 2013 and the new version has been launched in 2014.
- Management has put in place appropriate operational and compliance controls at all operating units.

Internal audit

• Mission and scope of work

The mission of the internal audit is to provide independent, objective assurance services designed to add value and improve the company's operations.

The scope of the internal audit function is to assist the Board of directors and management to maintain and improve the process by which risks are identified and managed and to help the Board to discharge its responsibilities and to maintain and strengthen the internal control framework.

Save for Grays Inc. Ltd, which has its own in-house internal auditor, the internal audit function of the group is performed by Messrs Ernst & Young (EY), Public Accountants.

• Reporting

The internal auditors have a direct reporting line to the Audit and Risk Committee and maintain an open and constructive communication channel with the executive management. They also have direct access to the chairpersons of the Committees and of 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.

• Internal audit coverage

The internal audit plan, which is approved by the Audit and Risk Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

The internal auditor performed four audit visits for the group during the financial year 2013. The visits were performed according to the audit plan agreed with the Audit and Risk Committee. Proposed recommendations in respect of issues identified were discussed with management and the final internal audit reports were submitted to the Audit and Risk Committee. The internal auditor also monitored the progress in respect of the implementation of previous recommendations.

The internal auditor had unrestricted access to the records, management or employees of the group.

A first business risk assessment was performed for the group in October 2005 and the outcome was used as a basis for planning the internal audits performed by EY from 2006 to 2011. A second business risk assessment has been performed by EY in May-June 2012 to assess:

- The change in the risk environment since the previous risk assessment in October 2005;
- The impact of these changes on the risk profile of the group; and
- The current state of the group's risk environment.

Results of this assessment have been used by EY to plan internal audit visits for the 3 year plan (2013-2015) based on the risks areas identified under the following categories:

• Environment and strategy risks
These arise when there are environmental forces that could either put a company out of business or significantly change the fundamentals that drive its overall objectives and strategies.

The assessment of the environment and strategy risks also includes:

> Regulatory risks:
Changes in regulations and actions by the local regulators can result in increased competitive pressures and significantly affect a company's ability to conduct business efficiently.

> Industry risks:
The industry may lose its attractiveness due to changes in:
  o key factors for competitive success within the industry, including significant opportunities and threats;
  o capabilities of existing and potential competitors; and
  o group's strengths and weaknesses relative to present and future competitors.

> Operational risks:
Operational risks are risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure. They also include legal risk.

Corporate Governance report (cont'd)

Internal audit (cont'd)

• Human resources risks
The personnel responsible for managing and controlling the organisation or a business process may not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

• Information Technology risks
The information technologies used in the group's businesses may not be operating as intended, thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse, or exposing the group's ability to sustain the operation of critical processes.

Following the second risk assessment exercise, management is in the process of implementing a Risk Management Framework which will enable monitoring of the risks identified in each of the areas above. The Risk Management Framework will include compilation of strategic and operational risk registers which will detail risks identified and corresponding management actions that are being taken to address the risk areas.

Dividend policy

No formal dividend policy has been determined by the Board.

However, having regard, *inter alia*, to group performance, capital expenditure and debt servicing requirements, investment needs as well as the uncertainties facing the group, the Board attempts to distribute a yearly dividend which, under normal circumstances, should remain sustainable in the medium to long-term.

Remuneration policy

All directors receive Board remuneration consisting of a fixed fee, as well as an additional fee for each Board meeting attended by them. The Chairman is remunerated in a similar manner, but at higher rates. Changes in remuneration are submitted to the Annual Meeting for approval.

In addition, directors who are Board Committee members receive attendance fees for such meetings, while chairpersons are remunerated at a higher rate. Committee fees are approved by the Board.

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, and
- recognise both corporate and individual performance.

The overall remuneration of executive directors comprises a base salary, pension and other benefits and a non-pensionable annual performance bonus, in addition to the Board remuneration described above. The proportion of variable pay to fixed pay is significant and aims at better aligning the interests of these directors with those of the group and providing an added incentive to respond to the challenges facing the group.

The Corporate Governance Comittee has retained outside consultants to provide independent market information and advise relating to the review of executive performance and renumeration.

Remuneration of directors

Directors' remuneration for the year ended December 31, 2013 is set out below.

	Remuneration from Terra Mauricia Ltd MUR '000		Remuneration from subsidiaries MUR '000		Remuneration from companies on which director serves as representative of the group MUR '000	
DIRECTORS	2012	**2013**	2012	**2013**	2012	**2013**
Maurice de M. Enouf	495	**580**	325	**311**	-	**-**
Jean de Fondaumière	420	**630**	-	**-**	-	**-**
Dominique de Froberville	405	**505**	110	**90**	-	**-**
Alexis Harel	345	**405**	4,979	**5,270**	290	**285**
Henri Harel	345	**405**	7,403	**6,065**	280	**297**
Hubert J. Harel	195	**405**	-	**-**	-	**-**
Cyril Mayer	345	**405**	16,977	**17,149**	540	**642**
François Montocchio	485	**460**	-	**-**	-	**-**
Daniel D. L. Nairac	510	**1,330**	-	**-**	-	**-**
Alain Vallet	345	**375**	5,930	**6,157**	234	**209**
Margaret Wong Ping Lun	380	**770**	-	**-**	-	**-**

The remuneration received by directors from Terra Mauricia Ltd increased in line with the greater number of committee meetings held in 2013 and as a result of full year renumeration for the new directors.

Regarding executive directors, their packages were reviewed by the Corporate Governance Committee with effect from January 2013. Moreover, such remuneration varies with group or company results, as the case may be.

Shareholders' relations and communication

The group understands the importance of communicating with its shareholders and ensures that shareholders are kept informed on matters affecting Terra. The group communicates to its shareholders through its Annual Report, circulars issued in compliance with the Listing Rules of the Stock of Exchange of Mauritius Limited, press announcements, publication of unaudited quarterly and audited abridged financial statements of the group, dividend declaration and the Annual Meeting, to which all shareholders are invited.

Moreover, all directors are invited and encouraged to attend the Annual Meeting and be available to answer shareholders' questions. As in 2012, 9 directors out of 11 attended the meeting in 2013. It has been the practice since 2003 to allow for the postal vote of shareholders at the Annual Meeting. Immediately after the Annual Meeting, the main institutional investors and investment managers are invited to attend a presentation of the Annual Report and to put questions to management. This exercise has taken place for a number of years and is well attended and welcomed by the investing community. A meeting with the press was also organised for the first time in 2013 and was well received.

Share option plan

The group has no share option plan.

Corporate Governance report (cont'd)

Share information

Information relating to share distribution and Stock Exchange performance is set out on pages 10 to 13. Dates of important events are also noted.

Related party transactions

Related party transactions are disclosed in aggregate in Note 38 to the Financial Statements.

However, during the year, there were no material transactions between the company 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.

Management agreements

There are no management agreements with third parties to which the company is a party.

Health and safety

Terra is committed to provide a healthy, safe and secure working environment to all its employees, contractors, sub-contractors and visitors. To that effect, management is striving to establish a 'safety culture' throughout all the group's clusters. The latter are required to improve their safety performance year on year, by continually improving and applying the group's Safety and Health policy. The main features of this policy are as follows:

- Be pro-active in matters of safety and health and provide a pleasant and safe working environment, free so far as is reasonably practicable, from harmful effects to all employees;
- Comply with legislation on health and safety;
- Ensure that all employees cooperate fully and comply with established standards;
- Ensure that all operations are carried out safely without any harm to personnel.

In 2013, there has been a 12 % decrease in accidents at work resulting in a decrease of 8% in man days' lost compared to accident statistics in 2012 for Terra Milling Ltd and Terragri Ltd (Fields Operations and Garage departments). It is to be noted that Terragri Ltd had no notifiable (major) accident in field activities in 2013, compared to 4 notifiable accidents in 2012 for this department.

On the other hand, as part of its integrated management system initiated in 2010, Terragen Ltd has been audited by AFNOR in December 2013 on three aspects, namely Quality, Security and Environment (QSE). This audit has proved successful and, in January 2014, Terragen Ltd has been the first Mauritian company to be granted, among other certifications, with the standard on safety and health, International Labour Organisation (ILO) Occupational Safety and Health (OSH) 2001, consisting in a safety and occupational health management system which contributes to reduce risks and hazards and increase productivity.

Despite all efforts made within the group with regard to safety and health, 2013 was unfortunately marked by a fatal accident at Terra Milling Ltd on December 06, 2013. Management has expressed its condolences to the deceased's family and is cooperating with the authorities which have opened an enquiry on the accident. Immediate corrective measures were also taken. Security at Terra Milling was scrutinized and tightened and employees were reminded to enhance safety precautions in their daily tasks. Furthermore, management commissioned a comprehensive safety audit by a specialised institution in the milling and cane growing activities as well as in the garage. An interim report was submitted on April 25, 2014 and is under consideration.

The risk assessments carried out by the internal Health and Safety Officer are being reviewed in consultation with the management team of each cluster. Moreover, a Safety and Health Committee chaired by the Head of Department is held every two months, as prescribed in the Occupational Safety and Health (OSH) Act 2005, to promote safety & health at work and to take on board suggestions from the workforce. OSH training sessions on various important topics were also organised across the group, namely First Aid, Fire Safety, Road Safety and Safety at Work.

Sustainability and environment

Sustainability by its very nature brings both challenges and opportunities to a business. Terra will continue to drive efficiency and deliver solutions which benefit the environment, its stakeholders and the communities in which it operates.

In this context, Terra has published its first sustainability report for 2012, following the B reporting level of the Global Reporting Initiative (GRI) G3.1 guidelines. The report has been certified by GRI. This initiative, based on international standards and guidelines, reinforces the group's commitment to transparency and the pursuance of continual improvement, and further reflects its dedication to sustainability. This report, as well as the upcoming ones, shall help to continuously improve the economic, social and environmental performance of the group. Protection of the environment is one of Terra's priorities and forms an integral part of its present and future projects. Environmental issues have thus been deliberately included within the group's actions and the group is constantly looking for ways to optimise its resources and to reduce waste and emissions to a minimum. Treatment and recycling of effluents generated by our activities is a priority. Following a request for proposals, a consultant has been recently appointed to conduct an audit thereon.

The group's vision is to make sustainable use of the natural resources at its disposal, for the benefit of all. Terra therefore strives to meet the needs of the present generation without compromising the ability of the future generations to meet their own needs. In this line of thought, the group operates, as far as possible, in an ecologically responsible way, making decisions and taking directions which benefit the business, the people and the planet simultaneously.

Terra's industrial ecosystem chart can be found on page 79.

The group is also sensitive to the promotion and awareness of good environmental practices amongst its staff and stakeholders and has, for example, decided to use recycled paper to publish its Annual Report. There is, at the end of this Annual Report, an interesting FAQ explaining the benefits of using recycled paper.

Donations

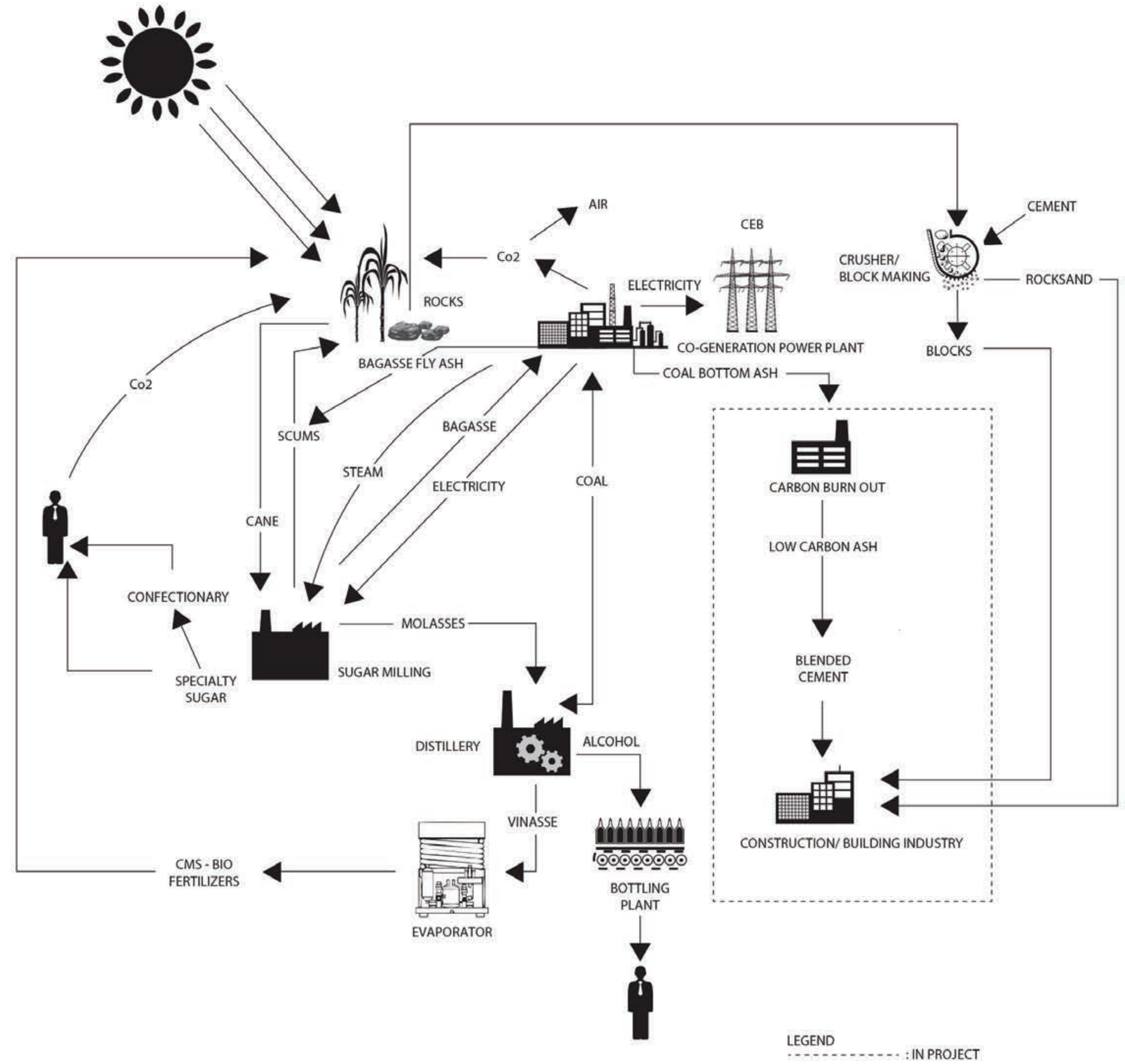
Donations made during the year are shown on page 84. There was no political donation in 2013.

Corporate social responsibility

The policies and practices of the group regarding social responsibility are detailed under the Terra Foundation section on pages 54 to 57.

Terra Services Ltd
Secretary
May 14, 2014

Industrial ecosystem chart



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.

Terra Services Ltd
Secretary
March 26, 2014

Statement of compliance

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

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

Reporting period: December 31, 2013

We, the directors of Terra Mauricia Ltd, confirm that, to the best of our knowledge, the PIE has not complied with Sections 2.2.6 and 3.9.3 of the Code of Corporate Governance. Reasons for non-compliance are given on pages 70 and 71 of the Corporate Governance report.

Daniel Nairac
Chairman

Cyril Mayer
Managing Director

May 14, 2014

Corporate information

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Secretary

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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

Cane

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E-mail: grays@grays.mu

Grays Distilling Ltd
Beau Plan, Pamplemousses
Republic of Mauritius
Telephone: (230) 243 3734
Telefax: (230) 243 3733
E-mail: distilling@grays.mu

Property management

Sagiterra Ltd
4th Floor, Ken Lee Building
Edith Cavell Street,
Port-Louis – Republic of Mauritius
Telephone: (230) 211 0971
Telefax: (230) 211 0484
E-mail: sagiterra@sagiterra.mu

Stone crushing and block making

Terrarock Ltd
Royal Road, Fond du Sac
Republic of Mauritius
Telephone: (230) 266 1355
Telefax: (230) 266 9045
E-mail: proban@intnet.mu

Corporate Social Responsibility

Terra Foundation
18 Edith Cavell Street, P.O. Box 317
Port-Louis – Republic of Mauritius
Telephone: (230) 208 0808
Telefax: (230) 211 1836
E-mail: terra@terra.co.mu

Leisure

Sugarworld Ltd – L'Aventure du Sucre
Beau Plan, Pamplemousses
Republic of Mauritius
Telephone: (230) 243 7900
Telefax: (230) 243 9699
E-mail: aventure.sucre@intnet.mu
Website: www.aventuredusucre.com

Offshore management

AceTer Global Ltd
6th Floor, Ken Lee Building
Cnr Edith Cavell and Brown Sequard Streets
Port-Louis – Republic of Mauritius
Telephone: (230) 208 0808
Telefax: (230) 212 8012
E-mail: services@aceterglobal.com
Website: www.aceterglobal.com

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the company.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and estimates and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financing Reporting Standards have been followed and complied with, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 85 and 86.

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

The directors report that adequate accounting records and an effective system of internal controls and risk management have been maintained.

Signed on behalf of the Board of directors by

Daniel Nairac
Chairman

Cyril Mayer
Managing Director

May 14, 2014

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 December 31, 2013 are given on page 70 of this report. In addition, a list of directors of subsidiary companies at the same date appears on page 153.

Service contracts

Four executive directors, namely Messrs Cyril Mayer, Alexis Harel, Henri Harel and Alain Vallet 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 has service contracts with the company or the group.

Remuneration & benefits

	THE COMPANY		SUBSIDIARIES	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Emoluments paid by the company and its subsidiaries to:				
- Directors of Terra Mauricia Ltd:				
• Executive				
Full-time	**0.8**	0.7	**23.2**	24.4
Part-time	**0.8**	0.7	**11.4**	10.9
• Non-executive	**4.7**	3.8	**0.4**	0.4
	6.3	5.2	**35.0**	35.7

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

	2013 MUR'M	2012 MUR'M
• 9 Executive (4 in 2012)		
Full-time	**34.8**	19.9
• 15 Non-executive (18 in 2012)	**0.6**	0.7
	35.4	20.6

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.

Auditor's remuneration

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Audit fees paid to:				
• BDO & Co	**3.1**	2.8	**0.6**	0.6

Statutory disclosures (cont'd)

(pursuant to Section 221 of the Companies Act 2001 and the Securities Act 2005)

Donations

	THE GROUP	
	2013 MUR'M	2012 MUR'M
Contributions towards Corporate Social Responsibility	**12.3**	13.9
Number of projects funded: 62. (2012: 56)		
Political	-	-

Senior officers' interests

The group's senior officers' interests in the company as declared under the Securities Act 2005 as at December 31, 2013 were as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
NAMES	**Beneficial**	**%**	**Non-beneficial**	**%**	**Beneficial**	**%**	**Non-beneficial**	**%**
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	17,183	0.01%	-	-
Henri Harel	50,720	0.02%	-	-	621,875	0.27%	4,437,051	1.95%
Cyril Mayer	325,661	0.14%	-	-	976,347	0.43%	-	-
François Montocchio	200	0.00%	-	-	-	-	2,345,364	1.03%
Alain Vallet	262,490	0.12%	-	-	227,143	0.10%	-	-
Hubert Harel	75,000	0.03%	-	-	-	-	156,000	0.07%
Jean Marc Jauffret	1,000	0.00%	-	-	-	-	-	-
Jean Arthur Pilot Lagesse	80,500	0.04%	-	-	-	-	-	-
Bernard Desvaux de Marigny	1,925	0.00%	-	-	-	-	-	-
Sébastien Mamet	300	0.00%	-	-	-	-	-	-

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Terra Mauricia Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 87 to 152 which comprise the statements of financial position at December 31, 2013, 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 a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Report on the Financial Statements (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 87 to 152 give a true and fair view of the financial position of the Group and of the Company at December 31, 2013, 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.

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, tax and business advisers 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.

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & Co
Chartered Accountants

Shabnam Peerbocus, F.C.A
Licensed by FRC

Port Louis,
Mauritius.
March 26, 2014.

		THE GROUP		THE COMPANY	
	Notes	2013	2012 Restated	2013	2012
ASSETS		**MUR'M**	MUR'M	**MUR'M**	MUR'M
Non-current assets					
Property, plant and equipment	5	**14,422.8**	14,430.6	**-**	-
Investment properties	6	**227.5**	233.9	**-**	-
Intangible assets	7	**386.7**	386.3	**-**	-
Investment in subsidiaries	8	**-**	-	**11,183.8**	11,386.3
Investment in associates	9	**1,872.3**	1,156.0	**1,772.6**	1,312.9
Investment in financial assets	10	**477.1**	442.8	**476.7**	426.5
Non-current receivables	11	**11.9**	19.0	**0.1**	3.7
Bearer biological assets	12	**276.8**	274.5	**-**	-
Land development expenditure	13	**95.9**	93.6	**-**	-
Deferred VRS costs	14	**46.3**	59.7	**-**	-
Deferred tax assets	15	**12.2**	2.7	**-**	-
		17,829.5	17,099.1	**13,433.2**	13,129.4
Current assets					
Inventories	16	**721.7**	617.3	**-**	-
Consumable biological assets	17	**257.3**	253.1	**-**	-
Trade and other receivables	18	**1,029.3**	1,165.4	**29.6**	156.7
Cash and cash equivalents	33	**259.3**	159.3	**53.1**	0.7
		2,267.6	2,195.1	**82.7**	157.4
Non-current assets classified as held for sale	19	**85.0**	22.9	**-**	-
Total assets		**20,182.1**	19,317.1	**13,515.9**	13,286.8
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	20	**11,976.0**	11,976.0	**11,976.0**	11,976.0
Revaluation and other reserves	21	**3,945.4**	4,139.7	**(481.8)**	(172.3)
Retained earnings		**542.4**	322.0	**1,792.3**	1,103.7
Owners' interest		**16,463.8**	16,437.7	**13,286.5**	12,907.4
Non-controlling interests		**949.3**	961.7	**-**	-
Total equity		**17,413.1**	17,399.4	**13,286.5**	12,907.4
Non-current liabilities					
Borrowings	22	**64.1**	70.8	-	-
Deferred tax liabilities	15	**222.3**	244.9	-	-
Deferred income	23	**4.1**	6.1	-	-
Retirement benefit obligations	24	**380.2**	256.8	-	-
		670.7	578.6	-	-
Current liabilities					
Trade and other payables	25	**730.7**	717.0	**229.1**	343.5
Current tax liabilities	26	**31.1**	52.1	**0.3**	0.2
Borrowings	22	**1,336.0**	569.7	**-**	35.7
		2,097.8	1,338.8	**229.4**	379.4
Liabilities directly associated with non-current assets classified as held for sale	19(b)	**0.5**	0.3	**-**	-
Total liabilities		**2,769.0**	1,917.7	**229.4**	379.4
Total equity and liabilities		**20,182.1**	19,317.1	**13,515.9**	13,286.8

The financial statements have been approved for issue by the Board of Directors on March 26, 2014.

Mrs Margaret WONG)
Mr Jean de FONDAUMIERE) DIRECTORS

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP 2013 MUR'M	THE GROUP 2012 Restated MUR'M	THE COMPANY 2013 MUR'M	THE COMPANY 2012 MUR'M
Revenue	2 (o), 40 (c)	**4,078.0**	4,185.5	**902.5**	203.3
Compensation from the Sugar Insurance Fund Board		**0.5**	1.0	**-**	-
Gains arising from changes in fair value of consumable biological assets	17	**4.2**	16.4	**-**	-
		4,082.7	4,202.9	**902.5**	203.3
Cost of sales		**(3,059.7)**	(2,994.7)	**-**	-
Gross profit		**1,023.0**	1,208.2	**902.5**	203.3
Other income	27	**100.7**	153.6	**-**	-
Administrative expenses		**(407.5)**	(367.6)	**(17.8)**	(10.5)
Distribution costs		**(96.8)**	(90.0)	**-**	-
Other expenses		**(306.3)**	(262.6)	**-**	-
Profit before finance costs	28	**313.1**	641.6	**884.7**	192.8
Finance costs	30	**(25.0)**	(46.3)	**(13.8)**	(5.7)
Share of results of associates	9	**232.3**	141.5	**-**	-
Profit before taxation		**520.4**	736.8	**870.9**	187.1
Taxation	26	**(47.8)**	(82.9)	**(0.3)**	(0.2)
Profit for the year		**472.6**	653.9	**870.6**	186.9
Profit attributable to:					
Owners of the parent		**365.1**	500.9	**870.6**	186.9
Non-controlling interests		**107.5**	153.0	**-**	-
		472.6	653.9	**870.6**	186.9
Earnings per share (MUR)	31	**1.60**	2.20	**3.83**	0.82

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED DECEMBER 31, 2013

	THE GROUP 2013 MUR'M	THE GROUP 2012 Restated MUR'M	THE COMPANY 2013 MUR'M	THE COMPANY 2012 MUR'M
Profit for the year	**472.6**	653.9	**870.6**	186.9
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gains on revaluation of land and buildings	**-**	4,481.9	**-**	-
Deferred tax on gains on revaluation of buildings	**-**	(14.8)	**-**	-
Remeasurements of post employment benefit obligations	**(136.0)**	(41.8)	**-**	-
Deferred tax on remeasurements of post employment benefit obligations	**20.4**	6.3	**-**	-
Share of other comprehensive income of associates	**(29.2)**	(43.8)	**-**	-
Scrappings of revalued property, plant and equipment	**(1.2)**	(1.2)	**-**	-
Items that may be reclassified subsequently to profit or loss:				
(Decrease)/increase in fair value of investments	**(6.2)**	(257.1)	**(309.5)**	969.9
Share of other comprehensive income of associates	**(29.2)**	(43.8)	**-**	-
Translation reserve movement	**(1.0)**	19.8	**-**	-
Other comprehensive income for the year	**(153.2)**	4,149.3	**(309.5)**	969.9
Total comprehensive income for the year	**319.4**	4,803.2	**561.1**	1,156.8
Total comprehensive income attributable to:				
Owners of the parent	**225.6**	4,640.9	**561.1**	1,156.8
Non-controlling interests	**93.8**	162.3	**-**	-
	319.4	4,803.2	**561.1**	1,156.8

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2013

THE GROUP	Notes	Share Capital MUR'M	Revaluation and Other Reserves MUR'M	Retained Earnings MUR'M	Total MUR'M	Non-Controlling interests MUR'M	Total Equity MUR'M
		ATTRIBUTABLE TO OWNERS OF THE PARENT					
At January 1, 2013							
- as previously reported		**11,976.0**	**4,175.4**	**321.8**	**16,473.2**	**961.5**	**17,434.7**
- effect of adopting IAS 19 (Revised)	41 (b)	**-**	**(35.7)**	**0.2**	**(35.5)**	**0.2**	**(35.3)**
- as restated		**11,976.0**	**4,139.7**	**322.0**	**16,437.7**	**961.7**	**17,399.4**
Profit for the year		**-**	**-**	**365.1**	**365.1**	**107.5**	**472.6**
Other comprehensive income for the year		**-**	**(139.5)**	**-**	**(139.5)**	**(13.7)**	**(153.2)**
Release of deferred tax on excess depreciation over historical cost depreciation		**-**	**3.4**	**-**	**3.4**	**-**	**3.4**
Release on disposal of land		**-**	**(37.3)**	**37.3**	**-**	**-**	**-**
Non-controlling interest arising on acquisition of new subsidiary companies		**-**	**-**	**-**	**-**	**0.8**	**0.8**
Movement in reserves		**-**	**(20.9)**	**-**	**(20.9)**	**1.2**	**(19.7)**
Dividends	32	**-**	**-**	**(182.0)**	**(182.0)**	**(108.2)**	**(290.2)**
Balance at December 31, 2013		**11,976.0**	**3,945.4**	**542.4**	**16,463.8**	**949.3**	**17,413.1**

THE GROUP	Notes	Share Capital MUR'M	Revaluation and Other Reserves MUR'M	Retained Earnings MUR'M	Total MUR'M	Non-Controlling interests MUR'M	Total Equity MUR'M
		ATTRIBUTABLE TO OWNERS OF THE PARENT					
Shares issued through 'scheme of arrangement'	20	11,976.0	-	-	11,976.0	-	11,976.0
Consolidation adjustments (note (a))		-	-	-	-	914.0	914.0
Profit for the year		-	-	500.9	500.9	153.0	653.9
Other comprehensive income for the year		-	4,140.0	-	4,140.0	9.3	4,149.3
Release of deferred tax on excess depreciation over historical cost depreciation		-	2.8	-	2.8	-	2.8
Release on disposal of land		-	(3.1)	3.1	-	-	-
Non-controlling interest arising on acquisition of new subsidiary companies		-	-	-	-	6.2	6.2
Dividends	32	-	-	(182.0)	(182.0)	(120.8)	(302.8)
Balance at December 31, 2012		11,976.0	4,139.7	322.0	16,437.7	961.7	17,399.4

(a) Consolidation adjustment represents the Non Controlling Interest of ex Harel Frères group at December 31, 2011.

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

STATEMENTS OF CHANGES IN EQUITY (CONT'D) YEAR ENDED DECEMBER 31, 2013

THE COMPANY	Notes	Share Capital MUR'M	Amalgamation Reserve MUR'M	Fair Value Reserve MUR'M	Retained Earnings MUR'M	Total MUR'M
At January 1, 2013	20	**11,976.0**	**(172.3)**	**-**	**1,103.7**	**12,907.4**
Profit for the year		**-**	**-**	**-**	**870.6**	**870.6**
Other comprehensive income for the year		**-**	**-**	**(309.5)**	**-**	**(309.5)**
Dividends	32	**-**	**-**	**-**	**(182.0)**	**(182.0)**
At December 31, 2013		**11,976.0**	**(172.3)**	**(309.5)**	**1,792.3**	**13,286.5**

	Notes	Share Capital MUR'M	Amalgamation Reserve MUR'M	Fair Value Reserve MUR'M	Retained Earnings MUR'M	Total MUR'M
Shares issued through 'scheme of arrangement'	20	11,976.0	-	-	-	11,976.0
Profit for the year		-	-	-	186.9	186.9
Other comprehensive income for the year		-	-	-	969.9	969.9
Amalgamation adjustment		-	(172.3)	-	128.9	(43.4)
Dividends	32	-	-	-	(182.0)	(182.0)
Balance at December 31, 2012		11,976.0	(172.3)	-	1,103.7	12,907.4

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

STATEMENTS OF CASH FLOW - YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP 2013 MUR'M	THE GROUP 2012 Restated MUR'M	THE COMPANY 2013 MUR'M	THE COMPANY 2012 MUR'M
Operating activities					
Profit before taxation		**520.4**	736.8	**870.9**	187.1
Adjustments for :					
Depreciation	5	**235.9**	215.5	-	-
Release of deferred revenue		**(2.0)**	(2.0)	-	-
Release of land development expenditure		-	1.4	-	-
Profit on sale of property, plant and equipment/ non current assets classified as held for sale		**(25.4)**	(27.3)	-	-
Profit on sale of investments		**(12.4)**	(20.0)	-	-
Retirement benefit obligations		**(12.5)**	(17.6)	-	-
Amortisation of bearer biological assets	12	**79.5**	76.7	-	-
Amortisation of intangible assets		**3.1**	9.6	-	-
Depreciation of investment properties	6	**6.4**	6.4	-	-
Amortisation of VRS costs	14	**23.0**	19.8	-	-
Exchange differences		**(1.0)**	19.8	-	-
Investment income		**(19.3)**	(29.4)	**(902.5)**	(203.3)
Interest expense	30	**24.7**	40.6	**13.8**	5.7
Share of results of associates		**(232.3)**	(141.5)	-	-
Changes in working capital:					
- inventories		**(104.4)**	(33.9)	-	-
- consumable biological assets	17	**(4.2)**	(16.4)	-	-
- trade and other receivables		**136.1**	23.7	**127.1**	(37.3)
- trade and other payables		**25.1**	(30.4)	**(114.4)**	34.8
		640.7	831.8	**(5.1)**	(13.0)
VRS costs paid		**(21.0)**	(36.8)	-	-
Interest paid		**(24.7)**	(40.6)	**(13.8)**	(5.7)
Income tax paid		**(76.3)**	(87.4)	**(0.2)**	-
Net cash from/(used in) operating activities		**518.7**	667.0	**(19.1)**	(18.7)

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

STATEMENTS OF CASH FLOW (CONT'D) - YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP 2013 MUR'M	THE GROUP 2012 Restated MUR'M	THE COMPANY 2013 MUR'M	THE COMPANY 2012 MUR'M
Investing activities					
Purchase of property, plant and equipment/ investment properties	5,6	**(310.6)**	(244.5)	-	-
Intangible assets acquired	7	**(3.5)**	(7.4)	-	-
Replantation costs	12	**(81.8)**	(79.3)	-	-
Land development expenditure/non-current assets classified as held for sale		**(65.0)**	(26.5)	-	-
Acquisition of additional stake in subsidiary		-	(53.4)	-	-
Purchase of investment in					
- subsidiaries		-	(0.5)	**(3.2)**	(0.5)
- associates	9	**(557.3)**	(226.4)	**(557.3)**	(14.2)
- others	10	**(56.6)**	(21.5)	**(56.4)**	(19.2)
Proceeds on sale of property, plant and equipment/non-current assets classified as held for sale		**87.7**	50.5	-	-
Proceeds on sale of investments		**28.5**	20.2	-	-
Non-current receivables		**7.1**	(7.5)	**3.6**	(3.7)
Interest received		**9.7**	17.7	-	-
Dividend received		**53.7**	57.2	**902.5**	203.3
Net cash (used in)/from investing activities		**(888.1)**	(521.4)	**289.2**	165.7
Financing activities					
Proceeds from borrowings		**973.2**	163.3	-	-
Repayment of loans		**(101.7)**	(186.6)	-	-
Finance lease principle repayment		**(3.4)**	(0.5)	-	-
Dividends paid to shareholders of Terra Mauricia Ltd	32	**(182.0)**	(364.0)	**(182.0)**	(182.0)
Dividends paid to outside shareholders of subsidiaries		**(108.2)**	(76.7)	-	-
Net cash from/(used in) financing activities		**577.9**	(464.5)	**(182.0)**	(182.0)
Increase/(decrease) in cash and cash equivalents		**208.5**	(318.9)	**88.1**	(35.0)
Movement in cash and cash equivalents					
At January 1,		**(258.0)**	53.9	**(35.0)**	-
Consolidation adjustments		-	7.0	-	-
Increase/(decrease)		**208.5**	(318.9)	**88.1**	(35.0)
At December 31,	33	**(49.5)**	(258.0)	**53.1**	(35.0)

The notes on pages 94 to 152 form an integral part of these financial statements.
Auditors' report on pages 85 and 86.

1. GENERAL INFORMATION

Terra Mauricia Ltd is a public limited company incorporated and domiciled in Mauritius and listed on the Official List of The Stock Exchange of Mauritius Ltd since January 1, 2012. The address of its registered office is 18, Edith Cavell Street, Port Louis.

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.

(a) Basis of preparation

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). Where necessary, comparative figures have been amended to conform with changes 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; and
(iii) Consumable biological assets are stated at their fair value.

The 2012 figures have been restated in these financial statements to reflect the adoption of IAS 19 Employee Benefits (Revised 2011). A third statement of financial position as at January 1, 2012 as required by IAS 1 has not been presented as the Company was formed on September 15, 2011.

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

Amendment to IAS 1, ‘Financial statement presentation’ regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 10, ‘Consolidated financial statements’ builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard has no impact on the Group's financial statements.

IAS 27, ‘Separate Financial Statements’ deals solely with separate financial statements. The standard has no impact on the Group's financial statements.

IFRS 11, ‘Joint arrangements’ focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard has no impact on the Group's financial statements.

IAS 28, ‘Investments in Associates and Joint Ventures’. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. The standard has no impact on the Group's financial statements.

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard has no impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

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

IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, ‘Employee benefits’ was revised in June 2011. The changes on the group’s accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 24 for the impact on the financial statements.

IFRIC 20, ‘Stripping costs in the production phase of a surface mine’, has no impact on the Group's financial statements.

Amendment to IFRS 7, ‘Financial instruments: Disclosures’, on asset and liability offseting. This amendment includes new disclosures and is not expected to have any impact on the Group's financial statements.

Amendment to IFRS 1 (Government Loans) has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle

The annual improvements comprise of minor amendments to numerous IFRS's and have no material impact on the Group's operations.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2014 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:

IFRS 9 Financial Instruments
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21: Levies
Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
Annual Improvements to IFRSs 2010-2012 cycle
Annual Improvements to IFRSs 2011-2013 cycle

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) 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 follow 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 of each asset, or the revalued amount, to its residual value over its estimated useful lives. It is applied at the following rates:

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%

Land is not depreciated.

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

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

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

(c) Investment properties

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

The principal annual rate is as follows:
Buildings 2 - 8%

(d) 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(d)) 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 less accumulated impairment losses, if any.

Goodwill is tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

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

Goodwill is allocated to cash-generating units for the purpose of impairement testing.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Intangible assets (cont'd)

(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.

(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).

(e) Investment in subsidiaries

Separate financial statements of the investor
Investments in subsidiaries 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 interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment in associates

Separate financial statements of the investor

Investments in associates 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 oreviously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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

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

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

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

(g) Financial instruments

(i) Financial assets

(A) Categories of financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Group's loans and receivables comprise cash and cash equivalents, and trade and other receivables.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

(B) Recognition and measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Available for sale financial assets are initially measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at their fair values. Loans and receivables are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for- sale are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(C) Impairment of financial assets

Financial assets available-for-sale financial assets

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss.

(ii) Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the original effective interest rate. The amount of the loss is recognised in profit or loss. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets.

(iii) Leases

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

Finance leases are capitalised at the lease inception at the lower 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.

(iv) Trade receivables

Trade receivables are 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 is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

(v) 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 end of the reporting period.

(vi) Trade and other payables

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

(vii) Hedging activities

Cash flow hedge

A subsidiary has its loans denominated in Euro and has a revenue stream in Euro. The subsidiary has recognised a cash flow hedge whereby the foreign exchange exposure arising from translation of the loans is hedged against the revenue stream.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to statement of profit and loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(viii) Cash and cash equivalents

Cash and cash equivalent comprise of cash in hand, cash at bank and bank overdraft. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to any insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(ix) Stated capital

Ordinary shares are classified as equity.

(h) Sugar Industry Voluntary Retirement Scheme (VRS)

VRS costs (net of refunds under the Multi Annual Adaptation Scheme and pension obligations previously provided for) are carried forward on the basis that under the Scheme, land of the Company can now be sold without payment of any land conversion taxes. These amounts are amortised over a period of 8 years. The amortisation is reviewed and reassessed yearly to ascertain the adequacy of the yearly charge taking into account the right exercised.

(i) Deferred income tax

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

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

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

(j) Inventories

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

(k) Biological assets

Bearer biological assets are valued at cost less amortisation. Consumable biological assets are stated at their fair value.

(i) Bearer biological assets
These relate to cane replantation costs and are amortised over a period of 8 years.

(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.

(l) Retirement benefit obligations

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Retirement benefit obligations (cont'd)

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.

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.

(m) 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.

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 income statement representing profit or loss and other comprehensive 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.

(n) 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).

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, value added taxes, rebates and other similar allowances and after eliminating sales within the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue recognition (cont'd)

Sale of goods

Sales of goods are recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sugar and molasses proceeds are recognised on total production of the crop year. Bagasse proceeds are accounted on a cash basis. Sugar and molasses prices are based on prices recommended by the Mauritius Chamber of Agriculture for the crop year.

Rendering of services

Revenue from the rendering of services are recognised in the accounting year in which the services are rendered.

Other revenues earned by the Group are recognised on the following bases:

• Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost - recovery basis as conditions warrant.
• Dividend income - when the shareholder's right to receive payment is established.
• Compensation from the Sugar Insurance Fund Board - recognised on a time-proportion basis.

(p) Non-current assets classified as held for sale

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.

(q) Dividend distribution

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

(r) Segment reporting

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

THE GROUP	**MUR**	**EURO**	**USD**	**Other currencies**	**TOTAL**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
At December 31, 2013					
Trade and other receivables	**931.6**	**84.0**	**6.3**	**7.4**	**1,029.3**
Cash in hand and at bank	**221.6**	**33.5**	**3.1**	**1.1**	**259.3**
Other assets	**18,617.0**	**276.5**	**-**	**-**	**18,893.5**
Total assets	**19,770.2**	**394.0**	**9.4**	**8.5**	**20,182.1**
Liabilities	**2,644.6**	**76.8**	**1.3**	**46.3**	**2,769.0**
At December 31, 2012					
Trade and other receivables	1,103.8	44.0	4.5	13.1	1,165.4
Cash in hand and at bank	143.9	2.4	11.5	1.5	159.3
Other assets	17,778.5	206.3	-	7.6	17,992.4
Total assets	19,026.2	252.7	16.0	22.2	19,317.1
Liabilities	1,786.4	43.8	56.7	30.8	1,917.7

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	EURO	TOTAL
	MUR'M	MUR'M	MUR'M
At December 31, 2013			
Trade and other receivables	**29.6**	**-**	**29.6**
Cash in hand and at bank	**53.1**	**-**	**53.1**
Other assets	**13,156.7**	**276.5**	**13,433.2**
Total assets	**13,239.4**	**276.5**	**13,515.9**
Liabilities	**229.4**	**-**	**229.4**
At December 31, 2012			
Trade and other receivables	156.7	-	156.7
Cash in hand and at bank	0.7	-	0.7
Other assets	12,927.3	202.1	13,129.4
Total assets	13,084.7	202.1	13,286.8
Liabilities	379.4	-	379.4

At December 31, 2013, 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, bank deposits, trade receivables and payables.

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	MUR'M	MUR'M	**MUR'M**	MUR'M
Rupee strengthened/weakened by 5%				
Post-tax profit and equity	**13.8**	7.2	**11.8**	8.6

(ii) Price risk

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

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

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

3. FINANCIAL RISK MANAGEMENT (cont'd)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Price risk (cont'd)

Sensitivity analysis

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 GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	MUR'M	MUR'M	**MUR'M**	MUR'M
	+/-5%	+/-5%	**+/-5%**	+/-5%
Available- for-sale investments	**23.9**	22.1	**671.7**	656.3

(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 economic environment.

As regards the sugar and energy sectors, 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 commercial and manufacturing 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.

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

3. FINANCIAL RISK MANAGEMENT (cont'd)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

Forecasted liquidity reserve as of December 31, 2014 is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	MUR'M	MUR'M	**MUR'M**	MUR'M
Opening balance	**(49.5)**	(258.0)	**53.1**	(35.0)
Cash flows from operating activities	**506.7**	518.7	**(18.0)**	(19.1)
Cash flows from investing activities	**(356.3)**	(888.1)	**-**	289.2
Cash flows from financing activities	**(127.9)**	577.9	**130.5**	(182.0)
Closing balance	**(27.0)**	(49.5)	**165.6**	53.1

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

THE GROUP	Less than 1 year MUR'M	Between 1 and 2 years MUR'M	Between 2 and 5 years MUR'M	Over 5 years MUR'M
At December 31, 2013				
Borrowings including bank overdrafts	**1,336.0**	**31.1**	**33.0**	**-**
Trade and other payables	**730.7**	**-**	**-**	**-**
At December 31, 2012				
Borrowings including bank overdrafts	569.7	49.9	16.8	4.1
Trade and other payables	717.0	-	-	-

THE COMPANY	Less than 1 year MUR'M
At December 31, 2013	
Trade and other payables	**229.1**
At December 31, 2012	
Bank overdrafts	35.7
Trade and other payables	343.5

3. 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, 2013, 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.

THE GROUP	Rupee denominated borrowings (10 basis points)		Euro denominated borrowings (50 basis points)	
	2013	2012	**2013**	2012
	MUR'M	MUR'M	**MUR'M**	MUR'M
Impact on post-tax profit and shareholders' equity	**1.0**	0.7	**0.2**	-

THE COMPANY				
	2013	2012	**2013**	2012
	MUR'M	MUR'M	**MUR'M**	MUR'M
Impact on post-tax profit and shareholders' equity	**-**	0.4	**N/A**	N/A

(ii) At December 31, 2013, 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 significanty 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.

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. FINANCIAL RISK MANAGEMENT (cont'd)

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 the 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 to adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Total equity comprises all components of equity (stated capital, revaluation and other reserves, retained earnings and non controlling interest).

During the year, the Group's strategy, which was unchanged from 2012, was to reduce the debt-to-capital ratio to a reasonable level in order to secure access to finance at a reasonable cost.

The debt-to-capital ratios at December 31, 2013 and December 31, 2012 were as follows:

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Total debt (note 22)	**1,400.1**	640.5	**-**	35.7
Less: cash and cash equivalents (note 33)	**(259.3)**	(159.3)	**(53.1)**	(0.7)
Net debt	**1,140.8**	481.2	**(53.1)**	35.0
Total equity	**16,463.8**	16,437.7	**13,286.5**	12,907.4
Debt-to- adjusted capital ratio	**0.07:1**	0.03:1	**N/A**	0.003:1

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

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

4.1 Critical accounting estimates and assumptions (cont'd)

(a) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(b) 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.

(c) 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.

(d) 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 company would currently obtain from disposal of the asset if the asset was already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based in 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.

(e) Pension benefits

The present value of pension obligations depends on a number of factors that are determined on an acturial 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 liability.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

4.1 Critical accounting estimates and assumptions (cont'd)

(f) 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.

(g) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Land	Buildings on Leasehold Land and Land Improvement	Buildings	Power Plant	Building and Civil Works	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION										
At January 1, 2013										
- Cost	3,786.2	252.9	141.9	133.2	13.3	431.7	371.6	364.3	276.3	5,771.4
- Valuation	7,964.2	-	1,394.5	2,107.9	370.4	1,343.7	-	-	-	13,180.7
	11,750.4	252.9	1,536.4	2,241.1	383.7	1,775.4	371.6	364.3	276.3	18,952.1
Additions	12.0	0.4	33.5	31.6	-	104.8	71.2	24.1	33.0	310.6
Disposals/Scrapped assets	(69.9)	-	-	(19.1)	-	(21.2)	(2.8)	(10.5)	(1.6)	(125.1)
Transfers	-	-	-	-	-	-	(54.8)	59.1	(4.3)	-
At December 31, 2013										
- Cost	**3,771.3**	**253.3**	**175.4**	**145.7**	**13.3**	**515.3**	**385.2**	**437.0**	**303.4**	**5,956.9**
- Valuation	**7,921.2**	**-**	**1,394.5**	**2,107.9**	**370.4**	**1,343.7**	**-**	**-**	**-**	**13,180.7**
	11,692.5	**253.3**	**1,569.9**	**2,253.6**	**383.7**	**1,859.0**	**385.2**	**437.0**	**303.4**	**19,137.6**
DEPRECIATION										
At January 1, 2013	-	80.8	1,184.9	1,067.0	167.9	1,252.1	315.1	255.2	198.5	4,521.5
Transfers	-	-	-	-	-	-	(10.7)	14.6	(3.9)	-
Charge for the year	-	3.0	25.5	53.5	8.8	57.6	43.5	24.3	19.7	235.9
Disposals/Scrapped assets	-	-	-	(9.2)	-	(20.9)	(2.6)	(9.4)	(0.5)	(42.6)
At December 31, 2013	**-**	**83.8**	**1,210.4**	**1,111.3**	**176.7**	**1,288.8**	**345.3**	**284.7**	**213.8**	**4,714.8**
NET BOOK VALUES										
At December 31, 2013	**11,692.5**	**169.5**	**359.5**	**1,142.3**	**207.0**	**570.2**	**39.9**	**152.3**	**89.6**	**14,422.8**

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) THE GROUP	Land MUR'M	Buildings on Leasehold Land and Land Improvement MUR'M	Buildings MUR'M	Power Plant MUR'M	Building and Civil Works MUR'M	Factory Equipment MUR'M	Agricultural Equipment MUR'M	Motor Vehicles MUR'M	Furniture and Office Equipment MUR'M	TOTAL MUR'M
COST AND VALUATION										
- Cost	3,795.6	179.9	76.5	122.6	11.1	346.8	329.8	348.5	240.8	5,451.6
- Valuation	3,580.7	-	782.9	2,107.9	370.4	1,343.7	-	-	-	8,185.6
Consolidation adjustments	7,376.3	179.9	859.4	2,230.5	381.5	1,690.5	329.8	348.5	240.8	13,637.2
Acquisition of subsidiary	-	72.9	-	-	-	13.5	-	2.9	16.6	105.9
Revaluation adjustments	4,383.5	-	611.6	-	-	-	-	-	-	4,995.1
Other adjustments	-	-	8.5	-	-	-	3.5	(0.2)	0.1	11.9
Additions	-	0.1	56.9	27.3	2.2	75.2	38.3	18.1	26.4	244.5
Disposals/Scrapped assets	(9.4)	-	-	(16.7)	-	(3.8)	-	(5.0)	(7.6)	(42.5)
At December 31, 2012										
- Cost	**3,786.2**	**252.9**	**141.9**	**133.2**	**13.3**	**431.7**	**371.6**	**364.3**	**276.3**	**5,771.4**
- Valuation	**7,964.2**	**-**	**1,394.5**	**2,107.9**	**370.4**	**1,343.7**	**-**	**-**	**-**	**13,180.7**
	11,750.4	**252.9**	**1,536.4**	**2,241.1**	**383.7**	**1,775.4**	**371.6**	**364.3**	**276.3**	**18,952.1**
DEPRECIATION										
Consolidation adjustments	-	54.8	646.0	1,023.8	159.1	1,197.8	268.2	237.3	169.1	3,756.1
Acquisition of subsidiary		23.3	-	-	-	7.5	-	2.2	10.8	43.8
Revaluation adjustments	-	-	513.2	-	-	-	-	-	-	513.2
Other adjustments		-	8.7	-	-	-	7.0	(5.0)	3.9	14.6
Charge for the year	-	2.7	17.0	50.9	8.8	50.6	39.9	25.5	20.1	215.5
Disposals/Scrapped assets	-	-	-	(7.7)	-	(3.8)	-	(4.8)	(5.4)	(21.7)
At December 31, 2012	**-**	**80.8**	**1,184.9**	**1,067.0**	**167.9**	**1,252.1**	**315.1**	**255.2**	**198.5**	**4,521.5**
NET BOOK VALUES										
At December 31, 2012	**11,750.4**	**172.1**	**351.5**	**1,174.1**	**215.8**	**523.3**	**56.5**	**109.1**	**77.8**	**14,430.6**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) Land and buildings

(i) Land and buildings were revalued in 2012, by Noor Dilmohamed & Associates, Independent Certified Practising Valuer. Valuations were made on the basis of open market value method. Building and Civil works and Power Plant have been revalued in 2004, by Atkins, the Lender's Independent Engineer. The revaluation was carried out on the basis of the Depreciated Replacement Cost method. The book values of the properties were adjusted to the revalued amounts and the resulting surplus net of deferred income taxes was credited to "Revaluation Surplus" in shareholders' equity.

(d) Financing of VRS 1 costs and land compensation to workers

The Group has earmarked 119 hectares of land to finance the VRS 1 costs and as land compensation to workers who took advantage of the scheme, out of which 28.83 hectares have been disposed.

(e) Land conversion under "1200A" scheme Section 11(3) of Sugar Industry Efficient Act 2001 (SIE Act 2001).

The Group has earmarked 100 hectares for land conversion under "1200A" scheme as per Section 11(3) of SIE Act 2001, out of which 66.2 hectares have been disposed.

(f) Land conversion under "800 A" scheme Section 11(3) of SIE Act 2001.

The Group has earmarked 29.81 hectares for land conversion under "800A" scheme as per Section 11(3) of SIE Act 2001.

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

The Group will recoup the closure costs through the disposal of 137 hectares of freehold land for which application has been submitted to the Ministry of Agriculture, Food, Technology and Natural Resources.

(h) Depreciation has been charged to profit or loss as follows:

	THE GROUP	
	2013 MUR'M	2012 MUR'M
Cost of sales	**113.7**	117.4
Other expenses	**122.2**	98.1
	235.9	215.5

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

THE GROUP	Land MUR'M	Buildings MUR'M	Factory Equipment MUR'M	Power Plant MUR'M	Building and Civil Works MUR'M
2013					
Cost	**3,771.3**	**175.4**	**515.3**	**145.7**	**13.3**
Accumulated depreciation	**-**	**(135.2)**	**(354.7)**	**(72.3)**	**(6.1)**
Net book value	**3,771.3**	**40.2**	**160.6**	**73.4**	**7.2**
2012					
Cost	3,786.2	141.9	431.7	133.2	13.3
Accumulated depreciation	-	(109.4)	(304.4)	(63.4)	(5.8)
Net book value	3,786.2	32.5	127.3	69.8	7.5

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(j) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including property, plant and equipment (note 22(f)).

(k) Additions include MUR'M 4.2 (2012: MUR'M 20.6) of assets leased under finance leases.

(l) Leased assets included above comprise of agricultural equipments and motor vehicles:

THE GROUP	Agricultural Equipment MUR'M	Motor Vehicles MUR'M	Total MUR'M
2013			
Cost - capitalised finance leases	**23.1**	**2.3**	**25.4**
Accumulated depreciation	**(7.3)**	**(0.9)**	**(8.2)**
Net book value	**15.8**	**1.4**	**17.2**
2012			
Cost - capitalised finance leases	18.9	2.3	21.2
Accumulated depreciation	(3.3)	(0.4)	(3.7)
Net book value	15.6	1.9	17.5

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

6. INVESTMENT PROPERTIES

	THE GROUP	
	2013 MUR'M	2012 MUR'M
COST		
At January 1,/December 31,	**299.5**	299.5
DEPRECIATION		
At January 1,	**65.6**	-
Consolidation adjustment	**-**	59.2
Charge for the year	**6.4**	6.4
At December 31,	**72.0**	65.6
NET BOOK VALUES		
At December 31,	**227.5**	233.9
Fair Value	**322.0**	329.5

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

	THE GROUP	
	2013 MUR'M	2012 MUR'M
Rental income	**16.6**	14.6
Direct operating expenses from investment properties that generate rental income	**10.1**	10.1

(b) Fair value is based on market value and directors' valuation.

(c) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including investment properties (note 22(f)).

7. INTANGIBLE ASSETS

(a) THE GROUP	Land Conversion Rights-Closure Costs MUR'M	Brands MUR'M	Goodwill MUR'M	Computer Software MUR'M	Legal Fees MUR'M	Distribution Rights MUR'M	TOTAL MUR'M
COST							
At January 1, 2013	319.6	46.1	13.9	30.2	47.8	2.1	459.7
Additions	-	-	-	3.5	-	-	3.5
At December 31, 2013	**319.6**	**46.1**	**13.9**	**33.7**	**47.8**	**2.1**	**463.2**
AMORTISATION							
At January 1, 2013	-	-	-	25.6	47.8	-	73.4
Charge for the year	-	-	-	3.1	-	-	3.1
At December 31, 2013	**-**	**-**	**-**	**28.7**	**47.8**	**-**	**76.5**
NET BOOK VALUES							
At December 31, 2013	**319.6**	**46.1**	**13.9**	**5.0**	**-**	**2.1**	**386.7**

(b) THE GROUP	Land Conversion Rights-Closure Costs MUR'M	Brands MUR'M	Goodwill MUR'M	Computer Software MUR'M	Legal Fees MUR'M	Distribution Rights MUR'M	TOTAL MUR'M
COST							
Consolidation adjustment	131.7	46.1	10.2	22.1	47.8	2.1	260.0
Adjustment	-	-	(10.2)	0.7	-	-	(9.5)
Additions	187.9	-	13.9	7.4	-	-	209.2
At December 31, 2012	**319.6**	**46.1**	**13.9**	**30.2**	**47.8**	**2.1**	**459.7**
AMORTISATION							
Consolidation adjustment	-	-	3.6	21.9	47.8	-	73.3
Adjustment	-	-	(3.6)	0.7	-	-	(2.9)
Charge for the year	-	-	-	3.0	-	-	3.0
At December 31, 2012	**-**	**-**	**-**	**25.6**	**47.8**	**-**	**73.4**
NET BOOK VALUES							
At December 31, 2012	**319.6**	**46.1**	**13.9**	**4.6**	**-**	**2.1**	**386.3**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

7. INTANGIBLE ASSETS (cont'd)

(c) Amortisation charge of MUR'M 3.1 (2012 MUR'M 3.0) has been charged to other expenses.

(d) Closure costs
Closure costs relate to provisions made in accordance with the Blue Print on Centralisation of Sugar Milling operations in Mauritius issued in May 1997 and conditions laid down by the Minister of Agriculture in respect of the closure of the Beau Plan Sugar Factory and the Mon Loisir Sugar Factory. Terra Milling Ltd, one of the Company's subsidiaries, in accordance with the provisions of the "Blue Print", acquired the right to purchase land at agricultural value and to convert the same land for development purposes and be exempted from land conversion tax, land transfer tax, morcellement tax.

8. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2013 MUR'M	2012 MUR'M
At January 1,	**11,386.3**	-
Acquired through 'Scheme of Arrangement'	-	11,976.0
Acquired through amalgamation	-	976.2
Amalgamation adjustments	-	(2,682.6)
Consolidation adjustment	-	(118.4)
Additions	**3.2**	0.5
(Decrease)/increase in fair value	**(205.7)**	1,234.6
At December 31,	**11,183.8**	11,386.3

Details of subsidiaries are set out in note 34.

9. INVESTMENT IN ASSOCIATES

(a) THE GROUP	THE GROUP	
	2013 MUR'M	2012 MUR'M
(i) Group's share of net assets	**1,664.4**	948.1
Goodwill	**207.9**	207.9
At December 31,	**1,872.3**	1,156.0

Details of associates are set out in note 35.

	THE GROUP	
	2013 MUR'M	2012 MUR'M
(ii) At January 1,	**1,156.0**	-
Consolidation adjustment	-	899.8
Additions	**557.3**	226.4
Reclassified to investment in subsidiaries	-	(22.4)
Share of profit after tax and minority interest	**232.3**	141.5
Dividend paid	**(44.1)**	(45.5)
Movement on reserves	**(29.2)**	(43.8)
At December 31,	**1,872.3**	1,156.0

9. INVESTMENT IN ASSOCIATES (cont'd)

(b) THE COMPANY

	2013 MUR'M	2012 MUR'M
At January 1,	**1,312.9**	-
Amalgamation adjustment	-	1,306.4
Additions	**557.3**	14.2
Decrease in fair value	**(97.6)**	(7.7)
At December 31,	**1,772.6**	1,312.9

10. INVESTMENT IN FINANCIAL ASSETS

THE GROUP	Available-for-sale: Listed: Official Market MUR'M	DEM MUR'M	Unquoted MUR'M	TOTAL MUR'M
(a) At January 1, 2013	**254.9**	**54.1**	**133.8**	**442.8**
Additions	**3.7**	**-**	**52.9**	**56.6**
Disposals	**-**	**-**	**(16.1)**	**(16.1)**
Decrease in fair value	**(0.4)**	**(1.1)**	**(4.7)**	**(6.2)**
At December 31, 2013	**258.2**	**53.0**	**165.9**	**477.1**
(b) Consolidation adjustments	396.4	77.5	204.7	678.6
Additions	20.9	-	0.6	21.5
Disposals	-	-	(0.2)	(0.2)
Decrease in fair value	(162.4)	(23.4)	(71.3)	(257.1)
At December 31, 2012	254.9	54.1	133.8	442.8

(c) Available-for-sale financial assets	Level 1 MUR'M	Level 2 MUR'M	Level 3 MUR'M	TOTAL MUR'M
At December 31, 2013	**311.1**	**101.6**	**64.4**	**477.1**
At December 31, 2012	308.9	106.3	27.6	442.8

10. INVESTMENT IN FINANCIAL ASSETS (cont'd)

THE COMPANY	Available-for-sale: Listed: Official Market MUR'M	DEM MUR'M	Unquoted MUR'M	TOTAL MUR'M
(d) At January 1, 2013	**254.9**	**54.1**	**117.5**	**426.5**
Additions	**3.7**	**-**	**52.7**	**56.4**
Decrease in fair value	**(0.4)**	**(1.1)**	**(4.7)**	**(6.2)**
At December 31, 2013	**258.2**	**53.0**	**165.5**	**476.7**

(e) Available-for-sale financial assets	Level 1 MUR'M	Level 2 MUR'M	Level 3 MUR'M	TOTAL MUR'M
At December 31, 2013	**311.1**	**101.6**	**44.0**	**476.7**
At December 31, 2012	308.9	106.3	11.3	426.5

(f) Available-for-sale financial assets are denominated in Mauritian Rupee.

(g) None of the financial assets are impaired.

(h) There were no transfers between levels.

11. NON-CURRENT RECEIVABLES

	THE GROUP 2013 MUR'M	THE GROUP 2012 MUR'M	THE COMPANY 2013 MUR'M	THE COMPANY 2012 MUR'M
Others loans	**11.9**	19.0	**0.1**	3.7

12. BEARER BIOLOGICAL ASSETS

	THE GROUP 2013 MUR'M	THE GROUP 2012 MUR'M
COST		
At January 1	**579.70**	-
Consolidation adjustment	**-**	553.5
Additions	**81.8**	79.3
Assets fully amortised	**(81.6)**	(53.1)
At December 31,	**579.9**	579.7
AMORTISATION		
At January 1	**305.2**	-
Consolidation adjustment	**-**	281.60
Charge for the year	**79.5**	76.7
Assets fully amortised	**(81.6)**	(53.1)
At December 31,	**303.1**	305.2
NET BOOK VALUES	**276.8**	274.5

12. BEARER BIOLOGICAL ASSETS (cont'd)

Bearer biological assets relate to the cost of land preparation and planting of virgin canes that have an expected life cycle of 8 years as they would normally generate 8 years of crop harvest. There is no active market for bearer biological assets and cost is considered as fair value.

13. LAND DEVELOPMENT EXPENDITURE

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
At January 1,	**93.6**	-
Consolidation adjustment	**-**	87.6
Reclassified to trade and other receivables	**-**	(0.9)
Reclassified to Non Current Assets classified as held for sale (note 19)	**(0.4)**	(1.7)
Additions	**2.7**	10.0
Release to income statement	**-**	(1.4)
At December 31,	**95.9**	93.6

14. DEFERRED VRS COSTS

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
Voluntary Retirement Scheme (VRS)		
COST		
At January 1,	**413.1**	-
Consolidation adjustment	**-**	410.6
Additional provision	**9.6**	2.5
At December 31,	**422.7**	413.1
AMORTISATION		
At January 1,	**353.4**	-
Consolidation adjustment	**-**	333.6
Charge for the year	**23.0**	19.8
At December 31,	**376.4**	353.4
NET BOOK VALUES	**46.3**	59.7

VRS 2

Under the terms of the Multi Annual Adaptation Scheme, the Group has received a refund from the Sugar Reform Trust for VRS 2 in respect of cash disbursements and infrastructural costs to be incurred and land to be distributed to the relevant employees and other eligible VRS costs.

Estimates regarding land infrastructure and other eligible VRS costs yet to be disbursed, are carried as payables. Under the scheme, the Group acquired the right to sell land on which no land conversion tax is payable.

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2012: 15%).

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	
	2013	2012
	MUR'M	MUR'M
Deferred tax assets	**(12.2)**	(2.7)
Deferred tax liabilities	**222.3**	244.9
	210.1	242.2

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
Unused tax losses available for offset against future taxable profits	**18.0**	2.6

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

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
At January 1,		
- as previously stated	**248.5**	244.9
- effect of adopting IAS 19	**(6.3)**	(3.8)
- as restated	**242.2**	241.1
Charge to profit or loss (note 26(b))	**(7.5)**	(8.4)
(Release)/charge to equity	**(24.6)**	9.5
At December 31,	**210.1**	242.2

15. DEFERRED INCOME TAXES (cont'd)

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

THE GROUP	At January 31, 2013 MUR'M	Effect of adopting IAS 19 MUR'M	As Restated MUR'M	Profit or Loss MUR'M	Release to Equity MUR'M	At December 31, 2013 MUR'M
Deferred income tax liabilities						
Accelerated tax depreciation	205.8	-	205.8	(8.0)	-	197.8
Asset revaluations	85.7	-	85.7	-	(4.2)	81.5
Deferred VRS costs	9.0	-	9.0	(2.0)	-	7.0
	300.5	-	300.5	(10.0)	(4.2)	286.3
Deferred income tax assets						
Tax losses carried forward	(0.4)	-	(0.4)	2.4	-	2.0
Provisions for VRS costs	22.7	-	22.7	(5.5)	-	17.2
Retirement benefit obligations	29.7	6.3	36.0	0.6	20.4	57.0
	52.0	6.3	58.3	(2.5)	20.4	76.2
Net deferred income tax liabilities	248.5	(6.3)	242.2	(7.5)	(24.6)	210.1

16. INVENTORIES

	THE GROUP	
	2013 MUR'M	2012 MUR'M
(a) Raw materials	**146.0**	123.7
Finished goods	**305.1**	224.3
Spare parts and consumables	**270.6**	269.3
	721.7	617.3

(b) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including inventories (see note 22(f)).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

16. INVENTORIES (cont'd)

(c) The cost of inventories recognised as expense and included in cost of sales are as follows:

	THE GROUP	
	2013 MUR'M	2012 MUR'M
Cost of inventories consumed	**2,117.2**	2,102.8

17. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP	
	2013 MUR'M	2012 MUR'M
At January 1,	**253.1**	-
Consolidation adjustment	-	236.7
Gains from changes in fair value	**4.2**	16.4
At December 31,	**257.3**	253.1

At December 31, 2013, standing canes comprised of approximately 4,954 hectares of cane plantations (2012: 4,930 hectares).

During the year the Group harvested approximately 357,353 tonnes of canes (2012: 377,410 tonnes), which has a fair value less costs to sell of MUR'M 253.1 (2012: MUR'M 236.7) at the date of harvest.

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Trade receivables	**748.2**	814.6	-	-
Less: provision for impairment	**(7.4)**	(9.9)	-	-
Trade receivables - net	**740.8**	804.7	-	-
Sugar proceeds receivable	**157.9**	205.0	-	-
Molasses proceeds receivable	**23.8**	13.3	-	-
Other receivables	**106.8**	142.4	**29.6**	156.7
	1,029.3	1,165.4	**29.6**	156.7

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

18. TRADE AND OTHER RECEIVABLES (cont'd)

As at December 31, 2013, trade receivables of MUR'M 7.4 (2012: MUR'M 9.9) for the Group were impaired and provided for. The ageing of these receivables is as follows:

	THE GROUP	
	2013 MUR'M	2012 MUR'M
Over 6 months	**7.4**	9.9

As at December 31, 2013, trade receivables of MUR'M 15.4 for the Group (2012: MUR'M 6.2) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	THE GROUP	
	2013 MUR'M	2012 MUR'M
3 to 6 months	**3.7**	1.8
Over 6 months	**11.7**	4.4
	15.4	6.2

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

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Rupee	**931.6**	1,103.3	**29.6**	156.7
US Dollar	**6.3**	4.5	**-**	-
Euro	**84.0**	44.4	**-**	-
Other currencies	**7.4**	13.2	**-**	-
	1,029.3	1,165.4	**29.6**	156.7

Movements on the provision for impairment of trade receivables are as follows:

	THE GROUP	
	2013 MUR'M	2012 MUR'M
At January 1,	**9.9**	-
Consolidation adjustment	**-**	7.5
Provision for impairment	**4.1**	4.3
Receivables written off during the year as uncollectible	**(6.6)**	(1.9)
At December 31,	**7.4**	9.9

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security.

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP	
	2013 MUR'M	2012 MUR'M
At January 1,	**22.9**	-
Consolidation adjustment	**-**	7.2
Expenditure incurred during the year	**62.3**	16.5
Reclassified from land development expenditure (note 13)	**0.4**	1.7
Release to income statement on disposal	**(0.6)**	(2.5)
At December 31,	**85.0**	22.9

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

	THE GROUP	
	2013 MUR'M	2012 MUR'M
(a) Disposal proceeds	**64.6**	31.2
(b) Liabilities directly associated with non-current assets held-for-sale		
Accruals and provisions	**0.5**	0.3

20. STATED CAPITAL

	2012 & 2013	
	No.of shares (M)	**MUR'M**
Issued and fully paid		
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 (2012: 227,545,624 shares). All issued shares are fully paid.

21. REVALUATION AND OTHER RESERVES

(a) THE GROUP	Associates Reserves MUR'M	Revaluation and Other Capital Reserves MUR'M	Actuarial Gains/Losses MUR'M	Translation Reserve MUR'M	Fair Value Reserve MUR'M	Total MUR'M
(i) At January 1, 2013						
- as previously stated	(43.8)	4,476.3	-	-	(257.1)	4,175.4
- effect of adopting IAS 19 (Revised)	-	-	(35.7)	-	-	(35.7)
- as restated	(43.8)	4,476.3	(35.7)	-	(257.1)	4,139.7
Remeasurements of post employment benefit obligations	-	-	(120.8)	-	-	(120.8)
Deferred tax on remeasurements of post employment benefit obligations	-	-	18.1	-	-	18.1
Decrease in fair value of available-for-sale financial assets	-	-	-	-	(6.2)	(6.2)
Release of deferred tax on excess depreciation over historical cost depreciation	-	3.4	-	-	-	3.4
Release on disposal of land	-	(37.3)	-	-	-	(37.3)
Translation reserve movement	-	-	-	(0.8)	-	(0.8)
Scrappings of revalued property, plant and equipment	-	(0.6)	-	-	-	(0.6)
Share of other comprehensive income of associates	(29.2)	-	-	-	-	(29.2)
Movements on reserves	-	(20.9)	-	-	-	(20.9)
At December 31, 2013	**(73.0)**	**4,420.9**	**(138.4)**	**(0.8)**	**(263.3)**	**3,945.4**
(ii) Gains on revaluation of land and buildings	-	4,481.9	-	-	-	4,481.9
Deferred tax on revaluation surplus	-	(14.8)	-	-	-	(14.8)
Remeasurements of post employment benefit obligations	-	-	(42.0)	-	-	(42.0)
Deferred tax on remeasurements of post employment benefit obligations	-	-	6.3	-	-	6.3
Decrease in fair value of available-for-sale financial assets	-	-	-	-	(257.1)	(257.1)
Release of deferred tax on excess depreciation over historical cost depreciation	-	2.8	-	-	-	2.8
Release on disposal of land	-	(3.1)	-	-	-	(3.1)
Scrappings of revalued property, plant and equipment	-	(1.2)	-	-	-	(1.2)
Share of other comprehensive income of associates	(43.8)	-	-	-	-	(43.8)
Movements on reserves	-	10.7	-	-	-	10.7
At December 31, 2012	**(43.8)**	**4,476.3**	**(35.7)**	**-**	**(257.1)**	**4,139.7**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

21. 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 gains/losses
The actuarial gains/losses reserve represents the cumulative remeasurement of defined benefit obligation recognised.

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Non-current				
Loans	**49.7**	56.7	**-**	-
Finance lease liabilities	**14.4**	14.1	**-**	-
Total non-current	**64.1**	70.8	**-**	-
Current				
Bank overdrafts	**308.8**	417.3	**-**	35.7
Loans	**1,024.6**	150.3	**-**	-
Finance lease liabilities	**2.6**	2.1	**-**	-
	1,027.2	152.4	**-**	-
Total current	**1,336.0**	569.7	**-**	35.7
Total borrowings	**1,400.1**	640.5	**-**	35.7

22. BORROWINGS (CONT'D)

	Last repayment date	THE GROUP 2013 MUR'M	2012 MUR'M
(a) Breakdown of loans			
Loan in EUR	2017	**54.0**	37.6
Bank loan	2015	**31.4**	111.7
Other short term loans	2014	**802.6**	-
VRS loan repayable half yearly	2016	**186.3**	57.7
		1,074.3	207.0
Less: Repayable within one year		**(1,024.6)**	(150.3)
Repayable after one year		**49.7**	56.7

(b) The maturity of non-current borrowings is as follows:

	THE GROUP 2013 MUR'M	2012 MUR'M
- after one year and before two years	**28.5**	47.7
- after two years and before three years	**16.7**	9.0
- after three years and before five years	**4.5**	-
	49.7	56.7

(c) Finance lease liabilities - minimum lease payments

	THE GROUP 2013 MUR'M	2012 MUR'M
Not later than one year	**3.6**	2.8
After 1 year and before 2 years	**3.6**	2.8
After 2 years and before 3 years	**10.2**	2.8
After 3 years and before 5 years	**2.4**	6.5
Later than 5 years	**-**	4.3
	19.8	19.2
Future finance charges	**(2.8)**	(3.0)
Present value of finance lease liabilities	**17.0**	16.2

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

22. BORROWINGS (CONT'D)

(c) Finance lease liabilities (Cont'd)

The present value of finance lease liabilities may be analysed as follows:

	THE GROUP 2013 MUR'M	2012 MUR'M
Current		
Not later than one year	**2.6**	2.1
Non Current		
After 1 year and before 2 years	**2.6**	2.2
After 2 years and before 3 years	**9.4**	2.3
After 3 years and before 5 years	**2.4**	5.5
Later than 5 years	**-**	4.1
	14.4	14.1

The rate of interest on the finance leases was 5.50% during the year.

(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 GROUP 2013 MUR'M	2012 MUR'M
- After one year and before two years		
Bank borrowings	**28.5**	47.7
Finance lease liabilities	**2.6**	2.2
	31.1	49.9
- After two years and before three years		
Bank borrowings	**16.7**	9.0
Finance lease liabilities	**9.4**	2.3
	26.1	11.3
- After three years and before five years		
Bank borrowings	**4.5**	-
Finance lease liabilities	**2.4**	5.5
	6.9	5.5
- After five years		
Finance lease liabilities	**-**	4.1
Total	**64.1**	70.8

(e) The rates of interest on MUR loans and other short term loans vary between 5.4% to 8.0% annually and on foreign currency loans - EUR 4.31 % to 4.47% annually.

(f) Borrowings are secured by fixed and floating charges on the assets of the borrowing entities.

23. DEFERRED INCOME

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
At January 1,	6.1	-
Consolidation adjustments	-	8.1
Release to profit or loss	(2.0)	(2.0)
At December 31,	4.1	6.1

Land leased out under long term lease are included in property, plant and equipment in the statement of financial position. Annual lease income is recognised as it accrues over the lease term. Upfront lump sum payment for long term lease is credited to deferred income and released to the statement of comprehensive income on a straight line basis over 7/10 years or over the lease term if lower than 7/10 years.

24. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP	
	2013	2012
Amount recognised in the statement of financial position :	MUR'M	MUR'M
Defined pension benefits	378.9	255.8
Other post retirement benefits	1.3	1.0
	380.2	256.8
Amount charged to profit or loss:		
- Defined pension benefits	40.8	35.8
- Other post retirement benefits	0.3	1.0
	41.1	36.8
Amount charged to other comprehensive income		
- Defined pension benefits	136.0	41.8

(i) 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 The Anglo Mauritius' deposit administration fund.

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.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2013 by Anglo Mauritius. 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.

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
Present value of funded obligations	594.7	440.1
Fair value of plan assets	(310.6)	(256.7)
	284.1	183.4
Present value of unfunded obligations	94.8	72.4
Other post retirement benefits	1.3	1.0
Liability in the statement of financial position	380.2	256.8

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

	2013	2012
	MUR'M	MUR'M
At January 1,		
- as previously reported	215.2	232.6
- effect of adopting IAS 39 (Revised)	41.5	25.0
- as restated	256.7	257.6
Charged to profit or loss	41.1	36.8
Charged to other comprehensive income	136.0	41.8
Contribution paid	(53.6)	(79.4)
At December 31,	380.2	256.8

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

	THE GROUP	
	2013	2012
	MUR'M	MUR'M
At January 1,	512.5	-
Consolidation adjustment	-	477.1
Current service cost	12.9	11.0
Interest cost	43.3	44.6
Employee's contribution	2.1	2.6
Past service cost	3.3	-
Actuarial losses/(gains)	149.6	2.7
Benefits paid	(34.2)	(25.5)
At December 31,	689.5	512.5

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP 2013 MUR'M	2012 MUR'M
At January 1,	**258.6**	-
Consolidation adjustment	-	195.0
Expected return on plan assets	**20.1**	21.6
Actuarial gains/(losses)	**13.8**	(14.0)
Employers' contributions	**53.6**	79.4
Employee contributions	**2.1**	2.6
Scheme expenses	**(0.4)**	(0.2)
Benefits paid	**(34.2)**	(25.5)
Cost of insuring risk benefits	**(3.0)**	(2.2)
At December 31,	**310.6**	256.7

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

	THE GROUP 2013 MUR'M	2012 MUR'M
Current service cost	**12.9**	11.0
Past service cost	**3.3**	-
Scheme expense	**0.5**	0.5
Cost of insuring risk benefits	**1.4**	1.8
Interest expense	**23.0**	23.5
Total included in employee benefit expense	**41.1**	36.8

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

	THE GROUP 2013 MUR'M	2012 MUR'M
Remeasurement on the net defined benefit liability:		
Gains/(losses) on pension scheme assets	**7.9**	(14.0)
Experience (losses)/gains on the liabilities	**(48.7)**	17.4
Changes in assumption underlying the present value of the scheme	**(95.2)**	(45.2)
Actuarial loss recognised in OCI	**(136.0)**	(41.8)

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP 2013 MUR'M	2012 MUR'M
Local equities	**83.1**	74.4
Overseas equities	**57.1**	43.6
Fixed interest	**115.4**	92.4
Properties	**55.0**	46.3
Total market value of assets	**310.6**	256.7

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:

	THE GROUP 2013	2012
Discount rate	**7.0% - 8.5%**	7.0 % - 9.5%
Expected rate return on plan asset	**7.0% - 8.5%**	7.0 % - 9.5%
Future salary growth rate	**5.5%**	3.5% - 5.5%
Future pension growth rate	**2.0% - 3.5%**	2.0% - 3.5%

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

		THE GROUP MUR'M	MUR'M
	December 31, 2013		
(ix)	Discount rate (1% movement)	**70.6**	70.6

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

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 occuring 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.

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(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 37.7 to the pension scheme for the year ending December 31, 2014.

(xiii) The actual return of the total assets for the year 2013 is MUR'M 28.2 (2012: MUR'M 3.9).

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Trade creditors	**280.2**	267.1	**-**	-
Provision for compensation payments for centralisation in accordance with the Blue Print provisions	**142.0**	185.7	**-**	-
Provision for VRS costs	**1.8**	17.1	**-**	-
Amounts due to subsidiaries	**-**	-	**225.4**	341.7
Other payables and accruals	**306.7**	247.1	**3.7**	1.8
	730.7	717.0	**229.1**	343.5

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

26. TAXATION

	THE GROUP		THE COMPANY	
(a) Liability in the statements of financial position	**2013 MUR'M**	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
At January 1,	**52.1**	-	**0.2**	-
Consolidation adjustment	**-**	47.5	**-**	-
Acquisition of subsidiary	**-**	0.7	**-**	-
Underprovision in previous year	**0.3**	1.6	**-**	-
Tax paid on account	**(49.9)**	(46.3)	**(0.2)**	-
	2.5	3.5	**-**	-
Current tax on the adjusted profits for the year @ 15% (2012:15%)	**55.0**	89.7	**0.3**	0.2
Tax paid	**(26.4)**	(41.1)	**-**	-
At December 31,	**31.1**	52.1	**0.3**	0.2
(b) Charge in profit or loss				
Current tax on the adjusted profits for the year at 15% - 22% (2012:15% - 22%)	**55.0**	89.7	**0.3**	0.2
Under provision in previous years	**0.3**	1.6	**-**	-
Deferred taxation (note 15)	**(7.5)**	(8.4)	**-**	-
Charge for the year	**47.8**	82.9	**0.3**	0.2

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Profit before taxation and after associates' results	**520.4**	736.8	**870.9**	187.1
Tax calculated at a rate of 15% - 22% (2012: 15% - 22%)	**78.1**	110.5	**130.6**	28.1
Income not subject to tax	**(47.6)**	(49.2)	**(130.3)**	(30.3)
Expenses not deductible for tax purposes	**17.0**	20.0	**-**	2.4
Under provision in previous years	**0.3**	1.6	**-**	-
	47.8	82.9	**0.3**	0.2

27. OTHER INCOME

	THE GROUP	
	2013 MUR'M	2012 MUR'M
Interest income	**9.7**	17.7
Dividend income	**9.6**	11.7
Investment income	**19.3**	29.4
Profit on disposal of property, plant and equipment/non-current assets held for sale	**25.4**	27.3
Profit on disposal of investments	**12.4**	20.0
Others	**43.6**	76.9
	100.7	153.6

28. PROFIT BEFORE FINANCE COSTS

	THE GROUP	
	2013 MUR'M	2012 MUR'M
The profit before finance costs is arrived at after:		
Crediting:		
Rental of land and buildings	**48.3**	44.0
Profit on sale of property, plant and equipment/ non-current assets held for sale	**25.4**	27.3
Profit on sale of investments	**12.4**	20.0
and charging:		
Depreciation on property, plant and equipment		
-owned assets	**227.9**	211.7
- leased assets	**8.0**	3.8
Depreciation on investment properties	**6.4**	6.4
Amortisation of bearer biological assets	**79.5**	76.7
Amortisation of intangible assets	**3.1**	3.0
Amortisation of VRS costs	**23.0**	19.8
Employee benefit expense (note 28(a))	**780.1**	752.6

(a) Employee benefit expense

	2013 MUR'M	2012 MUR'M
Wages, salaries and other costs	**727.7**	719.0
Pension costs	**52.4**	33.6
	780.1	752.6

29. EXPENSE BY NATURE

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	2013 MUR'M	2012 MUR'M
Depreciation and amortisation	**347.9**	321.4	-	-
Raw materials and consumables used	**2,117.2**	2,102.8	-	-
Employee benefit expense	**780.1**	752.6	-	-
Cultivation and irrigation expenses	**115.9**	117.2	-	-
Others	**509.2**	420.9	**17.8**	10.5
Total cost of sales, administrative expenses, distribution costs and other expenses	**3,870.3**	3,714.9	**17.8**	10.5

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	2013 MUR'M	2012 MUR'M
Net foreign exchange losses	**0.3**	5.7	-	-
Interest expense:				
- Bank overdrafts	**12.5**	19.0	-	-
- Loans repayable by instalments	**5.4**	6.3	-	-
- Other loans not repayable by instalments	**6.8**	15.3	**13.8**	5.7
	24.7	40.6	**13.8**	5.7
	25.0	46.3	**13.8**	5.7

31. EARNINGS PER SHARE

		THE GROUP		THE COMPANY	
		2013 MUR'M	2012 MUR'M	2013 MUR'M	2012 MUR'M
Profit attributable to equityholders		**365.1**	500.9	**870.6**	186.9
Number of ordinary shares in issue		**227.5**	227.5	**227.5**	227.5
Basic earnings per share	MUR	**1.60**	2.20	**3.83**	0.82

32. DIVIDENDS

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
At January 1,	**-**	-	**-**	-
Consolidation adjustment	**-**	182.0	**-**	-
Final ordinary declared - 80 cents per share	**182.0**	182.0	**182.0**	182.0
Dividends paid during the year	**(182.0)**	(364.0)	**(182.0)**	(182.0)
At December 31,	**-**	-	**-**	-

33. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2013 MUR'M	2012 MUR'M	**2013 MUR'M**	2012 MUR'M
Cash in hand and at bank	**259.3**	159.3	**53.1**	0.7
Bank overdrafts	**(308.8)**	(417.3)	**-**	(35.7)
	(49.5)	(258.0)	**53.1**	(35.0)

34. SUBSIDIARIES

The financial statements of the following subsidiaries have been included in the consolidated financial statements.

				2013		2012			
	Notes	Type of shares held	Stated capital MUR	**% holding**	**% held by other group companies**	% holding	% held by other group companies	% held by non-controlling interests	Activity
Terra Milling Ltd		Ordinary	56,657,480	**-**	**80.00**	-	80.00	20.00	Sugar
Terragen Ltd		Ordinary	520,523,500	**-**	**51.00**	-	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**	-	74.00	26.00	Commercial
Grays Distilling Ltd		Ordinary	20,738,000	**-**	**66.67**	-	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
Sagiterra Ltd		Ordinary	25,000	**100.00**	**-**	100.00	-	-	Property management
Société HBM	(b)	Parts	265,494,990	**-**	**-**	-	100.00	-	Investment
Société Proban		Parts	8,100,000	**83.34**	**-**	83.34	-	16.66	Investment
Eco-Energy		Ordinary	3,000,000	**-**	**80.00**	-	80.00	20.00	Commercial
East Indies Company SARL		Ordinary	4,061,000	**-**	**74.00**	-	74.00	26.00	Commercial
Terra Foundation		Ordinary	10,000	**100.00**	**-**	100.00	-	-	Social activities
Fondation Nemours Harel		Ordinary	10,000	**75.00**	**-**	75.00	-	25.00	Cultural activities
Société Sphinx Gaze		Parts	16,525,000	**-**	**66.67**	-	66.67	33.33	Investment holding
Terrarock Ltd		Ordinary	15,000,000	**-**	**54.00**	-	54.00	46.00	Manufacturing
Terragri Ltd		Ordinary	722,455,070	**100.00**	**-**	100.00	-	-	Sugar
Terra Finance Ltd		Ordinary	1	**100.00**	**-**	100.00	-	-	Treasury
Sugarworld Limited		Ordinary	45,238,456	**95.24**	**-**	95.24	-	4.76	Commercial
Les Chais de L'Isle de France Ltée		Ordinary	3,000,000	**-**	**100.00**	-	100.00	-	Commercial
Terralogic Ltd		Ordinary	4,500,000	**-**	**100.00**	-	100.00	-	Computer/ICT
AceTer Global Ltd		Ordinary	4,000,000	**79.00**	**-**	-	-	21.00	Fund Management
Terragen Management Ltd		Ordinary	100,000	**-**	**61.75**	-	61.75	38.25	Services

(a) These subsidiaries are incoporated in Mauritius. They also operate in Mauritius except for the following subsidiaries:
(i) Ivoirel Limitée, whose country of operation is Côte d'Ivoire;
(ii) East Indies Company, whose country of operation is Madagascar.
(b) Societe HBM was dissolved during the year

34. SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests

Details for subsidiaries that have non-controlling interests that are material to the entity:

	Profit/(loss) allocated to Non-controlling interests during the year	Accumulated Non-controlling interests at Dec 31,
	MUR'M	MUR'M
2013		
Terragen Ltd	**66.9**	**721.5**
Terra Milling Ltd	**10.2**	**81.3**
Grays Inc. Ltd	**13.2**	**85.9**
2012		
Terragen Ltd	82.4	743.3
Terra Milling Ltd	31.9	74.2
Grays Inc. Ltd	17.2	63.7

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

34. SUBSIDIARIES (CONT'D)

(c) Summarised financial information on subsidiaries with non-controlling interests

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

2013	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/loss from continuing operations	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interests
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Terragen Ltd	**492.4**	**1,377.8**	**208.3**	**190.4**	**1,115.5**	**136.4**	**(5.5)**	**130.9**	**(85.8)**
Terra Milling Ltd	**369.4**	**923.2**	**746.6**	**139.9**	**588.7**	**40.7**	**(23.1)**	**17.6**	**-**
Grays Inc. Ltd	**651.9**	**128.1**	**406.9**	**61.8**	**1,374.1**	**50.0**	**(26.0)**	**24.0**	**(8.7)**
2012									
Terragen Ltd	542.6	1,416.1	253.3	189.7	1,196.7	168.4	17.1	185.5	(93.1)
Terra Milling Ltd	439.7	893.2	838.9	106.0	669.7	148.7	(2.3)	146.4	-
Grays Inc. Ltd	598.3	113.5	361.3	29.8	1,381.1	67.3	(6.4)	60.9	(10.8)

(ii) Summarised cash flow information:

2013	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
	MUR'M	MUR'M	MUR'M	MUR'M
Terragen Ltd	**322.6**	**(34.4)**	**(217.8)**	**70.5**
Terra Milling Ltd	**116.2**	**(102.9)**	**15.5**	**28.8**
Grays Inc. Ltd	**120.2**	**(31.8)**	**(63.3)**	**(4.5)**
2012				
Terragen Ltd	205.7	(36.7)	(265.5)	(96.5)
Terra Milling Ltd	75.7	(84.5)	37.6	28.8
Grays Inc. Ltd	15.4	(26.8)	(41.6)	(53.0)

The summarised financial information above is the amount before intra-group eliminations.

35. ASSOCIATES

(a) The results of the following associates have been included in the consolidated financial statements.

2013	Assets MUR'M	Liabilities MUR'M	Revenues MUR'M	Profit/(loss) MUR'M	2013 % holding	Financial period ended
Alcohol & Molasses Export Ltd	50.0	17.7	229.5	36.9	**41.87**	June 30,
Anytime Investment Ltd	37.0	-	30.5	-	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	22.3	20.3	57.2	0.4	**15.43**	December 31,
Providence Warehouse Co Ltd (Formerly East Indies Co. Ltd)	86.5	52.2	115.3	6.1	**18.50**	December 31,
Horus Ltée	139.9	1.3	-	(0.8)	**50.00**	June 30,
Intendance Holding Ltd	3,938.9	2,095.2	3,314.7	154.3	**44.95**	December 31,
Les Domaines de Mauricia Limitée	3.9	0.3	0.8	0.2	**50.00**	December 31,
New Fabulous Investment Ltd	37.0	-	30.5	-	**24.50**	June 30,
New Goodwill Co. Ltd	233.1	110.5	1,588.2	78.8	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	893.7	1,133.4	2,243.5	22.1	**35.49**	June 30,
Rehm Grinaker Properties Co Ltd	161.6	112.9	11.0	12.9	**35.49**	June 30,
Bureaux Réunis Ltée	2.8	0.3	2.4	1.5	**50.00**	June 30,
Topterra Ltd (Formerly Evapo Ltd)	120.2	87.3	34.0	4.2	**50.00**	June 30,
Commada Ltd	258.5	143.0	-	43.8	**50.00**	December 31,
Distillerie de Bois Rouge Ltd	2.8	3.6	-	(0.4)	**33.33**	July 31,
Sucrivoire S.A	1,061.2	477.8	871.9	291.9	**25.50**	December 31,
United Investment Limited	2,563.5	876.8	-	-	**29.03**	June 30,

For associates with year ended June 30, and July 31, the management accounts at December 31, 2013 have been used to calculate the share of profit and net assets.

The Group accounts for its investment in Coal Terminal (Management) Co Ltd and Providence Warehouse Co Ltd as an 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 these associated companies.

35. ASSOCIATES (CONT'D)

(a) The results of the following associates have been included in the consolidated financial statements.

2012	Assets MUR'M	Liabilities MUR'M	Revenues MUR'M	Profit/(loss) MUR'M	2012 % holding	Financial period ended
Alcohol & Molasses Export Ltd	70.4	29.0	280.1	63.7	**41.87**	June 30,
Anytime Investment Ltd	29.5	-	21.9	2.1	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	27.4	25.5	56.3	1.0	**15.43**	December 31,
East Indies Co. Ltd	88.9	76.3	111.9	1.7	**18.50**	December 31,
Horus Ltée	125.5	1.2	-	(1.7)	**50.00**	June 30,
Intendance Holding Ltd	3,641.5	1,895.3	2,954.2	197.3	**44.95**	December 31,
Les Domaines de Mauricia Limitée	3.8	3.6	0.4	-	**50.00**	December 31,
New Fabulous Investment Ltd	29.5	-	21.9	2.1	**24.50**	June 30,
New Goodwill Co. Ltd	198.7	101.3	1,321.7	54.6	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	941.4	1,036.0	1,795.4	(124.5)	**35.49**	June 30,
Bureaux Réunis Ltée	2.7	0.5	2.4	1.7	**50.00**	June 30,
Evapo Ltd	118.8	102.7	31.2	0.4	**50.00**	June 30,
Commada Ltd	231.5	167.5	1.5	5.3	**50.00**	December 31,
Distillerie de Bois Rouge Ltd	2.6	2.9	-	(0.3)	**33.33**	July 31,
Sucrivoire S.A	1,061.2	477.8	799.5	342.1	**25.50**	December 31,

For associates with year ended June 30, and July 31, the management accounts at December 31, 2012 have been used to calculate the share of profit and net assets.

The Group accounts for its investment in Coal Terminal (Management) Co Ltd as an 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 through two directors to the board of directors of that company.

36. CAPITAL COMMITMENTS

	THE GROUP 2013	2012
	MUR'M	MUR'M
Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:		
Property, plant and equipment	**84.6**	87.6

37. ULTIMATE HOLDING ENTITY

The Board of Directors considers Société de Nemours, constituted in Mauritius, as the ultimate holding entity of Terra Mauricia Ltd.

38. RELATED PARTY TRANSACTIONS

(i) THE GROUP	Remuneration	Purchases of services	Sales of services and others	Management fees receivable	Throughput and storage fees payable	Amount receivable	Amount payable
2013	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Associates	**-**	**-**	**0.1**	**24.8**	**15.4**	**40.0**	**-**
Key management personnel	**79.0**	**-**	**-**	**-**	**-**	**-**	**-**
Enterprises with common directors	**-**	**75.2**	**6.2**	**-**	**-**	**34.2**	**19.9**

THE GROUP	Remuneration	Purchases of services	Sales of services and others	Management fees receivable	Throughput and storage fees payable	Amount receivable	Amount payable
2012	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Associates	-	1.3	0.5	24.8	13.4	26.9	3.0
Key management personnel	72.9	0.1	-	-	-	-	-
Enterprises with common directors	-	97.8	3.2	-	-	13.4	11.1

38. RELATED PARTY TRANSACTIONS (CONT'D)

(ii) THE COMPANY	Remuneration	Amount receivable	Amount payable
2013	**MUR'M**	**MUR'M**	**MUR'M**
Key management personnel	**1.6**	**-**	**-**
Subsidiaries	**-**	**0.3**	**225.6**

(iii) THE COMPANY	Remuneration	Amount receivable	Amount payable
2012	MUR'M	MUR'M	MUR'M
Key management personnel	1.4	-	-
Subsidiaries	-	30.7	339.4

(iv) Key management personnel	THE GROUP 2013	2012	THE COMPANY 2013	2012
	MUR'M	MUR'M	**MUR'M**	MUR'M
Salaries and short term employee benefits	**74.1**	68.5	**-**	-
Other post-employment benefits	**4.9**	4.4	**-**	-
	79.0	72.9	**-**	-

(v) 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, 2013, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2012 : 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.

39. 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 there of of alcohol produced from molasses and sold in Mauritius. The agreement was terminated in 2000. There is currently a dispute over the percentage share allocated upon termination to two partners who are claiming Rs.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 lodged an appeal against that ruling. The outcome of the appeal is still uncertain.

(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.

39. CONTINGENT LIABILITIES (CONT'D)

(a) Court cases (cont'd)

(iii) *Irrigation Authority*
There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to 2009 amounting to MUR 15.6M. 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) *Registrar General - Supreme Court*
Several appeals have been made in relation to assessments made by the Registrar General for an amount of MUR 1.28M following sales of lands. These assessments are being contested by Terragri Ltd (Formerly Harel Frères Ltd). The cases are still ongoing.

(v) *Bon Espoir*
Mr Joseph Yencana has entered a claim against Terragri Ltd for an amount of MUR 175M regarding of damages and prejudice in respect of a plot land of 22 arpents 25 perches at Bon Espoir, for which the plaintiff is claiming ownership. The directors believe that there are no valid grounds for entertaining this case.

(vi) *Personal injury*
An action has been entered against Terragri Ltd claiming MUR 15M as damages for personal injury.The court case is still ongoing.

(vii) *Dissenting shareholders*
Following the special meeting of Harel Frères Limited (now Terragri Ltd) held on 23 November 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 01 January 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 Rs 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 11 February 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 will be resisted.

(b) Bank guarantees
In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR115.2 M (2012: MUR 115.7M).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

40. SEGMENT INFORMATION

(a) Year ended December 31, 2013	**Sugar**	**Energy**	**Commercial & Alcohol production**	**Others**	**Total**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Total segment revenues	**1,302.6**	**1,115.5**	**1,492.5**	**226.0**	**4,136.6**
Intersegment sales	**(39.0)**	**(13.4)**	**-**	**(6.2)**	**(58.6)**
Revenues from external customers	**1,263.6**	**1,102.1**	**1,492.5**	**219.8**	**4,078.0**
Segment profit	**13.9**	**160.1**	**99.1**	**42.8**	**315.9**
Share of results of associates	**74.4**	**-**	**29.6**	**128.3**	**232.3**
Finance costs	**(22.4)**	**(2.8)**	**(3.1)**	**0.5**	**(27.8)**
Profit before taxation	**65.9**	**157.3**	**125.6**	**171.6**	**520.4**
Taxation	**(2.4)**	**(24.9)**	**(16.7)**	**(3.8)**	**(47.8)**
Profit after taxation	**63.5**	**132.4**	**108.9**	**167.8**	**472.6**
Non-controlling interests					**(107.5)**
Profit attributable to equity holders of the company					**365.1**

Year ended December 31, 2012	Sugar	Energy	Commercial & Alcohol production	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	1,406.2	1,196.7	1,426.4	240.1	4,269.4
Intersegment sales	(57.1)	(16.1)	(3.8)	(6.9)	(83.9)
Revenues from external customers	1,349.1	1,180.6	1,422.6	233.2	4,185.5
Segment profit	195.8	245.0	120.9	79.9	641.6
Share of results of associates	87.2	-	20.1	34.2	141.5
Finance costs	(17.0)	(25.4)	(3.9)	-	(46.3)
Profit before taxation	266.0	219.6	137.1	114.1	736.8
Taxation	(23.3)	(34.6)	(18.6)	(6.4)	(82.9)
Profit after taxation	242.7	185.0	118.5	107.7	653.9
Non-controlling interests					(153.0)
Profit attributable to equity holders of the company					500.9

40. SEGMENT INFORMATION (CONT'D)

(b) Year ended December 31, 2013	Sugar	Energy	Commercial & Alcohol production	Others	Group
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Interest revenue	**0.4**	**8.8**	**0.1**	**0.4**	**9.7**
Interest expense	**(21.4)**	**(2.8)**	**(0.3)**	**(0.2)**	**(24.7)**
Cost of sales	**(982.0)**	**(857.1)**	**(1,083.9)**	**(136.7)**	**(3,059.7)**
Segment assets	**14,681.2**	**1,797.4**	**975.2**	**268.0**	**17,721.8**
Associates	**276.5**	**-**	**63.7**	**1,532.1**	**1,872.3**
Other assets	**86.8**	**9.2**	**-**	**492.0**	**588.0**
Segment liabilities	**623.5**	**190.7**	**261.4**	**39.3**	**1,114.9**
Borrowings	**471.4**	**-**	**124.1**	**804.6**	**1,400.1**
Other liabilities	**43.1**	**195.9**	**10.7**	**4.3**	**254.0**
Capital expenditure	**289.9**	**35.8**	**49.1**	**21.1**	**395.9**
Depreciation and amortisation	**237.1**	**63.3**	**30.0**	**17.5**	**347.9**

Year ended December 31, 2012	Sugar	Energy	Commercial & Alcohol production	Others	Group
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Interest revenue	12.1	2.0	2.6	1.0	17.7
Interest expense	(20.4)	(8.4)	(11.7)	(0.1)	(40.6)
Cost of sales	(951.4)	(880.6)	(1,037.9)	(124.8)	(2,994.7)
Segment assets	14,656.4	1,932.3	864.7	216.9	17,670.3
Associates	202.1	-	43.4	910.5	1,156.0
Other assets	47.3	3.1	-	440.4	490.8
Segment liabilities	611.5	154.1	162.0	36.5	964.1
Borrowings	410	2.7	190.7	37.0	640.5
Other liabilities	94.8	201.8	14.4	2.1	313.1
Capital expenditure	236.5	36.7	34.8	23.2	331.2
Depreciation and amortisation	217.0	62.7	28.8	12.9	321.4

40. SEGMENT INFORMATION (CONT'D)

The Group is organised into the following main business segments :

Sugar	- Cane growing and milling activities
Commercial and Alcohol production	- Manufacturing, bottling and retailing of alcohol products and sale of consumable goods
Energy	- Production and sale of electricity from coal and bagasse

Other operations of the Group mainly comprise of the manufacture and sale of building materials, rental of properties, property development services, 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 three business segments are managed locally and operate in the following main geographical areas:

	Sales		Total assets		Capital expenditure	
	2013	2012	**2013**	2012	**2013**	2012
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Mauritius	**4,053.2**	4,160.7	**19,905.6**	19,115.0	**395.9**	331.2
Côte d'Ivoire	**24.8**	24.8	**276.5**	202.1	**-**	-
	4,078.0	4,185.5	**20,182.1**	19,317.1	**395.9**	331.2

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 GROUP		THE COMPANY	
	2013	2012	**2013**	2012
Analysis of sales	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Sale of sugar, molasses and bagasse	**1,263.6**	1,349.1	**-**	-
Sale of electricity	**1,102.1**	1,180.6	**-**	-
Sale of goods	**1,492.5**	1,422.6	**-**	-
Revenue from services	**219.8**	233.2	**-**	-
Dividend income	**-**	-	**902.5**	203.3
	4,078.0	4,185.5	**902.5**	203.3

For revenue recognition see note 2(o).

41. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

(a) Adoption of IAS 19 Employee Benefits (Revised 2011)

In the current year, the Group has adopted IAS 19 Employee Benefits (Revised 2011). The Group has applied IAS 19 (Revised 2011) retrospectively in accordance with the transitional provisions as set out in IAS 19 (Revised 2011), paragraph 173. These transitional provisions do not have an impact on future periods. The opening statement of financial position of the earliest comparative period presented (January 1, 2012) has been restated.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (Revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

(b) Impact of the application of IAS 19 (Revised 2011)

These 2013 financial statements are the first financial statements in which the Group has adopted IAS 19 (Revised 2011). IAS 19 (Revised 2011) has been adopted retrospectively in accordance with IAS 8. Consequently, the Group has adjusted opening equity as of January 1, 2012 and the figures for 2012 have been restated as if IAS 19 (Revised 2011) had always been applied.

The effect on the statements of financial position are as follows:	Retirement benefit obligations	Deferred tax liabilities	Owner's interest
Balance as reported at January 1, 2013	MUR'M	MUR'M	MUR'M
- as previously stated	**215.2**	**248.5**	**16,473.2**
- effect of early adopting IAS 19 (revised)	**41.5**	**(6.3)**	**(35.5)**
- as restated	**256.7**	**242.2**	**16,437.7**

41. EFFECTS OF CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) Impact of the application of IAS 19 (Revised 2011) (Cont'd)

The effect on profit or loss is as follows:	2012 MUR'M
Decrease in cost of operations	0.2
Decrease of income tax expense	-
Decrease in profit	0.2

The effect on other comprehensive income is as follows:	2012 MUR'M
Remeasurement of defined benefit obligations	(41.8)
Decrease of income tax relating to components of other comprehensive income	6.3
Decrease in other comprehensive income	(35.5)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013 (CONT'D)

	THE GROUP		
		2012	PROFORMA
STATEMENT OF PROFIT OR LOSS	**2013**	Restated	2011
	MUR'M	MUR'M	MUR'M
Turnover	**4,078.0**	4,185.5	4,222.7
Profit before taxation, exceptional items and associates' results	**288.1**	595.3	716.8
Share of results of associates	**232.3**	141.5	160.0
Taxation	**(47.8)**	(82.9)	(116.2)
Profit after taxation	**472.6**	653.9	760.6
Profit attributable to:			
Owners of the parent	**365.1**	500.9	582.7
Non Controlling interests	**107.5**	153.0	177.9
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit after taxation	**472.6**	653.9	760.6
Other comprehensive income for the year net of tax	**(153.2)**	4,149.3	140.9
Total comprehensive income	**319.4**	4,803.2	901.5
Total comprehensive income attributable to:			
Owners of the parent	**225.6**	4,640.9	698.9
Non controlling interests	**93.8**	162.3	202.6
	319.4	4,803.2	901.5
Percentage of profit on shareholders' interest (%)	**2.2**	3.0	4.9
Earnings per share (MUR)	**1.60**	2.20	2.56
Dividends proposed and paid	**182.0**	182.0	-
Dividends proposed	**182.0**	182.0	182.0
Dividend per share (MUR)	**0.8**	0.8	0.8
Dividend cover (times)	**2.0**	2.8	3.2
Net assets per share (MUR)	**72.4**	72.3	52.6
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	**17,829.5**	17,099.1	12,337.1
Current assets	**2,267.6**	2,195.1	2,149.5
Non-current assets classified as held-for-sale	**85.0**	22.9	7.2
Total assets	**20,182.1**	19,317.1	14,493.8
Owners' interest	**16,463.8**	16,437.7	11,976.0
Non Controlling interests	**949.3**	961.7	914.0
Non-current liabilities	**670.7**	578.6	542.1
Current liabilities	**2,097.8**	1,338.8	1,061.5
Liabilities directly associated with non-current assets held for sale	**0.5**	0.3	0.2
Total equity and liabilities	**20,182.1**	19,317.1	14,493.8

DIRECTORS OF SUBSIDIARY COMPANIES

(pursuant to Section 221 of the Companies Act 2001)

Subsidiary Companies / Directors	AceTer Global Ltd	East Indies Company	Grays Distilling Ltd	Grays Inc. Ltd	Ivoirel Ltee	Les Chais de L'Isle De France Ltee	Sagiterra Ltd	Sugarworld Limited	Terra Brands Ltd	Terra Finance Ltd	Terra Foundation	Terra Milling Ltd	Terra Services Ltd	Terragen Ltd	Terragen Management Ltd	Teragri Ltd	Terralogic Ltd	Terrarock Ltd
Premsagar Bholah								✓						✓	✗			
Christian Blanchard															✗			
Sebastien Mamet	✓																	
François Boullé																		✓
Prem Teeluckdharry												✓						
Devendra Curpen		✓																
Louis Decrop															✓			
Rajendraparsad Aumeer												✓						
Maurice de Marassé Enouf			✓	✓					✓			✓		✓		✓		
Bernard Desvaux de Marigny							✓											
Jean Claude Desvaux de Marigny												✓						
Jean de Fondaumière																✓		
Dominique de Froberville							✓									✓		
Jean Michel Giraud																		✓
Edwige Gufflet								✓										
Alexis Harel		✓	✓	✓		✓			✓		✓	✓				✓	✓	
Henri Harel	✓		✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓		
Hubert Harel																✓		
Louis Denis Koenig			✓		✗		✓	✓		✓			✓					
Reynolds Laguette												✓						
Pascal Langeron														✓	✓			
Noufail Manjoo	✓																	
Edouard Lee			✓															
Jacques Li Wan Po			✓															
Roshan Seetaram	✓																	
Iqbal Mallam-Hasham														✓	✓			
Cyril Mayer	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
François Montocchio																✓		
Daniel Nairac										✓	✓					✓		
Nardus Oosthuizen				✓														
Bernard Marie Pétin						✗												
Stephen Pharoah								✓										
Jean Arthur Pilot Lagesse					✓							✓		✓				✓
Christophe Quevauvilliers																		✓
Bernard Robert														✓	✓			
Vincent Rogers																		✓
George Schooling				✓														
Stéphane Ulcoq																		✓
Olivier Marie Richard Thieblin						✗												
Alain Vallet			✓	✓		✓	✓	✓	✓		✓	✓		✓		✓	✓	✓
Louis Maxime Adolphe Vallet								✗										
Margaret Wong Ping Lun																✓		
Samuel Yiptong			✓															
Alternate Directors																		
Deevendra Cally														✓	✓			
Didier Vallet																		✓

✓ In office at December 31, 2013
✗ Ceased to hold office during the year ended December 31, 2013

NOTICE OF ANNUAL MEETING

Notice is hereby given that the **Annual Meeting of the shareholders of TERRA Mauricia Ltd ('Terra')** will be held at 7th Floor, Harel Mallac Building, 18 Edith Cavell Street, Port-Louis on **FRIDAY 27 JUNE 2014 at 2.00 p.m.** to transact the following business:

1. To consider the Annual Report for the year ended December 31, 2013.
2. To receive the report of the auditors on the audited financial statements of Terra for the year ended December 31, 2013.
3. To consider and approve the audited financial statements of Terra for the year ended December 31, 2013:

Ordinary Resolution
"*Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended December 31, 2013 be and is 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 December 31, 2013:

Ordinary Resolution
"*Resolved that the audited financial statements of Terragri for the year ended December 31, 2013 be and is 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 Daniel Nairac as director of Terragri until the next Annual Meeting of shareholders of Terragri.

Ordinary Resolution
"*Resolved that Mr Daniel Nairac 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 Dominique de Froberville
(ii) Mr Cyril Mayer

Ordinary Resolution
"*Resolved that the following persons be and are hereby re-elected as director of Terragri (as separate resolutions)*:
(i) Mr Dominique de Froberville
(ii) Mr Cyril Mayer

4.4 the election, of Mr Nikhil Treebhoohun as director of Terragri.

Ordinary Resolution
"*Resolved that Mr Nikhil Treebhoohun be and is hereby elected as director of Terragri*."

4.5 the automatic re-appointment of the auditors of Terragri under section 200 of the Companies Act 2001 and to authorise by way of Ordinary Resolution the board of Terragri to fix their remuneration:

Ordinary Resolution
"*Resolved that the automatic re-appointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted 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
"*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 Daniel Nairac as director of Terra until the next Annual Meeting of shareholders of Terra.

Ordinary Resolution
"*Resolved that Mr Daniel Nairac 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 Dominique de Froberville
(ii) Mr Cyril Mayer

Ordinary Resolution
"*Resolved that the following persons be and are hereby re-elected as director of Terra (as separate resolutions)*:
(i) Mr Dominique de Froberville
(ii) Mr Cyril Mayer

6.3 the election of Mr Nikhil Treebhoohun as director of Terra:

Ordinary Resolution
"*Resolved that Mr Nikhil Treebhoohun be and is hereby elected as director of Terra*."

6.4 to fix for the period starting from July 01, 2014 and ending on June 30, 2015, the fees of (i) the directors of Terra at MUR 25,000 per month and MUR 15,000 per Board sitting; and (ii) the Chairperson of Terra at MUR 50,000 per month and MUR 30,000 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 July 01, 2014 to June 30, 2015 be and are hereby fixed at MUR 25,000 per month and MUR 15,000 per Board sitting for the directors of Terra; and MUR 50,000 per month and MUR 30,000 per Board sitting for the Chairperson of Terra*."

7. To take note of the automatic re-appointment of the auditors under section 200 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 automatic re-appointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted 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 14th day of May 2014

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 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.

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 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 June 02, 2014.

e. The audited financial statements of Terragri for the year ended December 31, 2013 are available for inspection during normal business hours at the registered office of Terra, 18 Edith Cavell Street, Port-Louis.

TERRA MAURICIA LTD (the "Company")

PROXY / CASTING POSTAL VOTE FORM

APPOINTMENT OF PROXY* (see notes **a** and **b** overleaf)

I/We..

of..

being shareholder/s of the above named company hereby

appoint ....

of...or

failing him/her, ...

of...or

the Chairperson as my/our proxy to vote for me/us at the **Annual Meeting** of the Company to be held on **Friday 27 June 2014** and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions, as indicated below:

CASTING POSTAL VOTES* (see note **c** overleaf)

I/We..

of.. being shareholder/s of the above named company desire my/our vote/s to be cast as indicated on the under-mentioned resolutions at the **Annual Meeting** of the Company to be held on **Friday 27 June 2014** and at any adjournment thereof:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
3 Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended December 31, 2013 be and is hereby approved.	☐	☐	☐
4.1 Resolved that the audited financial statements of Terragri Ltd for the year ended December 31, 2013 be and is hereby approved.	☐	☐	☐
4.2 Resolved that Mr Daniel Nairac be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri.	☐	☐	☐
4.3 Resolved that the following persons be and are hereby re-elected as director of Terragri (as separate resolutions):			
(i) Mr Dominique de Froberville	☐	☐	☐
(ii) Mr Cyril Mayer	☐	☐	☐
4.4 Resolved that Mr Nikhil Treebhoohun be and is hereby elected as director of Terragri.	☐	☐	☐
4.5 Resolved that the automatic reappointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted and that the board of Terragri be and is hereby authorised to fix their remuneration.	☐	☐	☐
5 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.	☐	☐	☐

* : Please fill-in either the proxy section or the postal vote one, but not both.

P.T.O

TERRA MAURICIA LTD (the "Company")
PROXY / CASTING POSTAL VOTE FORM

RESOLUTIONS	FOR	AGAINST	ABSTAIN
6.1 Resolved that Mr Daniel Nairac be and are hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra.	☐	☐	☐
6.2 Resolved that the following persons be and are hereby re-elected as director of Terra (as separate resolutions):			
(i) Mr Dominique de Froberville	☐	☐	☐
(ii) Mr Cyril Mayer	☐	☐	☐
6.3 Resolved that Mr Nikhil Treebhoohun be and is hereby elected as director of Terra.	☐	☐	☐
6.4 Resolved that the fees for the period from July 01, 2014 to June 30, 2015 be and are hereby fixed at MUR 25,000 per month and MUR 15,000 per Board sitting for the directors of Terra; and MUR 50,000 per month and MUR 30,000 per Board sitting for the Chairperson of Terra.	☐	☐	☐
7 Resolved that the automatic reappointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted and that the board of Terra be and is hereby authorised to fix their remuneration.	☐	☐	☐

Signed this .... day of June 2014.

....
Signature(s)

NOTES

a. If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.

b. To be effective, this form of proxy should reach the registered office of the Company, 18 Edith Cavell Street, Port-Louis, 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.

c. 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 to receive and count the postal votes at the Annual Meeting and should reach the registered office of the Company, 18 Edith Cavell Street, Port-Louis, not less than forty-eight (48) hours before the time of holding the meeting.

NOTES

NOTES

FAQ on Cocoon 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 forests, reducing demand for wood.
• Recycling avoids accumulation of waste sites and incinerators, which generate CO2 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 is Cocoon paper made from?
Cocoon paper is made from 100% genuine, recovered waste paper.

How is Cocoon paper so white and bright?
The recycled pulp production process uses a multi-stage cleaning process. It uses biodegradable cleaners and chlorine free bleaches. Sodium hydrosulphite, a reductive bleach, is used to remove colour from the fibers and hydrogen peroxide, an oxidative bleach, is used to brighten the fibres. It's a sustainable process, as, for example, the hydrogen peroxide breaks down into water and oxygen upon disposal.
This leads to a high quality and white recycled pulp, so that very limited quantities of optical brightening agents are added to enhance the whiteness and brightness of the paper. Although the de-inking process uses water and chemicals, it is still less harmful to the environment than the manufacturing process of making paper from virgin fibre.
The result is a paper with a whiteness of 150 CIE produced with the care for environment very much in mind.

Why is Forest Stewardship Council (FSC) a guarantee for recycled papers?
Cocoon offset and preprint papers have been recognized by the FSC and have been awarded the FSC 100% recycled label.
Products with a 100% recycled label support re-use of forest resources and use only post-consumer fibre, in accordance with FSC standards.

Edited by Beyond Communications

Concept & Design by Circus

Terra Mauricia Ltd
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