

An aerial photograph of a large industrial facility, likely a sugar mill, featuring several large buildings with corrugated metal roofs and a tall chimney. In the foreground, there are tall green sugarcane fields. The background shows a residential area with houses and trees, followed by rolling hills and mountains under a clear blue sky with a faint rainbow arc. The text 'ANNUAL REPORT 2017' is written in white, with '2017' underlined, and 'terra' is written in a bold, lowercase white font below it.

ANNUAL
REPORT
2017
terra

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

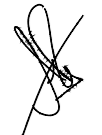
Dear Shareholder,

The Board of directors of Terra Mauricia Ltd (“Terra”) is pleased to present this Integrated Annual Report, which provides information relating to the operational performance, governance and strategy of Terra and its subsidiaries for the year ended 31 December 2017. The material matters included in this report were identified through a structured process involving Terra’s executive management team and other senior managers, in which they reviewed the business model and operating context relating to each of Terra’s four clusters: Cane, Power, Brands and Property and Leisure.

While Terra’s executive management team was responsible for preparing this report, the Board has reviewed the report and believes that it provides a balanced and appropriate presentation of those matters that have, or could have, a material effect on Terra’s ability to create value over time. The Board has applied its collective mind to the preparation and presentation of information in this report, which has been guided by the principles contained in the IIRC’s International <IR> Framework. The Board approved this report on 16 May 2018.

On behalf of the Board of directors, we invite you to join us at the Annual Meeting of Terra to be held at Auditorium Paul Eynaud, *L’Aventure du Sucre*, Beau Plan, Pamplemousses, at 2.00 pm on 22 June 2018.

Yours faithfully,



Alain Rey
Chairman



Nicolas Maigrot
Managing Director

- 

Respect defines the way we relate to people in our Group and the community.
- 

Tenacity encourages us to work towards perfection through every endeavour.
- 

Integrity guides our every action.
- 

Passion gives us the strength and enthusiasm to contribute always with commitment.
- 

Innovation inspires us to advance by taking the initiative.

Our Values

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OVERVIEW

THE VALUE

We created in 2017

CUSTOMERS

Cane

87,397
tonnes of specialty
sugars in **10 varieties**

Power

95.6% of plant availability
on **CEB** network

RELIABLE PRODUCER
only **one** plant trip

Supply of **427GWh**
to the national grid

Property & Leisure

22.17
hectares

Development and realisation
of non-strategic assets

Brands

ONE
NEW retail shop
opened

100,000

visitors to

**l'aventure du
sucre**



Rated **4.5**
on Trip Advisor

3,950

direct **B2B**
customers reached
(in Mauritius)

9,454

B2C regular
customers reached
(in Mauritius and excluding
ad hoc customers)

PROVIDERS OF FINANCIAL CAPITAL

MUR 101.5m paid to banks and
other lenders

MUR 113.1m paid in dividends to
outside shareholders
of subsidiaries

MUR 0.38 Earnings
per share

MUR 193.4m paid in dividends
to Terra shareholders

EMPLOYEES

157
JOBS PROVIDED

MUR 922.7m
paid in salaries, wages
and other benefits

MUR 10.5m
invested on employee
training and development

GOVERNMENT

MUR 16.3m
paid in taxes in Mauritius

MUR 617.8m
paid in customs and excise in Mauritius

SUPPLIERS

MUR 2,898.0m
Procurement spent

COMMUNITIES

MUR 8.6m
paid in **CSR** sponsorship

77
projects
sponsored

OUR BUSINESS at a Glance

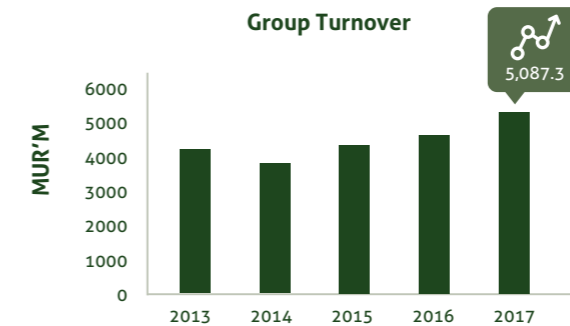
Our organisational structure

Terra's organisational structure reflects the outcome of a restructuring exercise completed in 2016 that resulted in the establishment of four autonomous clusters: Cane, Power, Brands, and Property and Leisure. The strength of these clusters hinges on their unique business know-how that sets them apart from competitors and provides the platform for their international development.

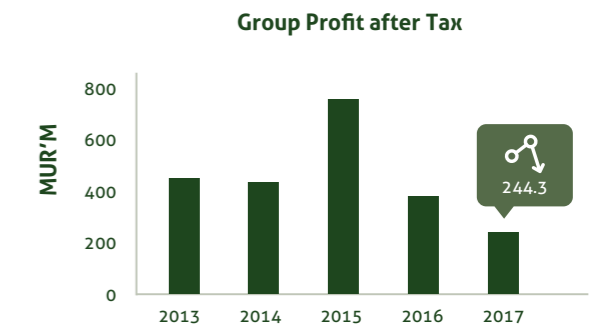
The clusters are autonomous in their decision-making processes, budgeting and reporting, as well as in the day-to-day running of its operations. Each cluster's leadership team is fully accountable for its cluster's respective performance, and is empowered to develop its own businesses and to realise any international growth opportunities in line with proposals and plans that are duly approved by the Board of directors. The clusters are supported by some centralised functions aimed at developing a shared performance-based, permanent improvement culture, and at driving operational excellence and efficiency across the Group.

TERRA MAURICIA LTD

Group Turnover



Group Profit after Tax



CANE

POWER

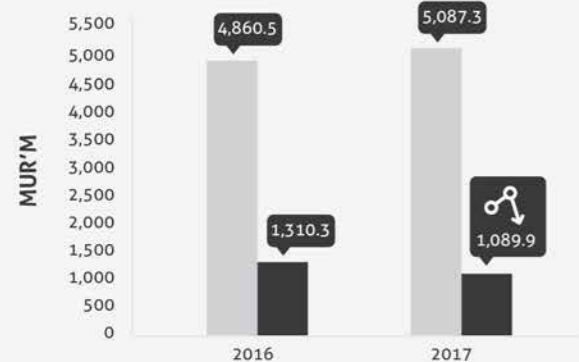
BRANDS

PROPERTY AND LEISURE

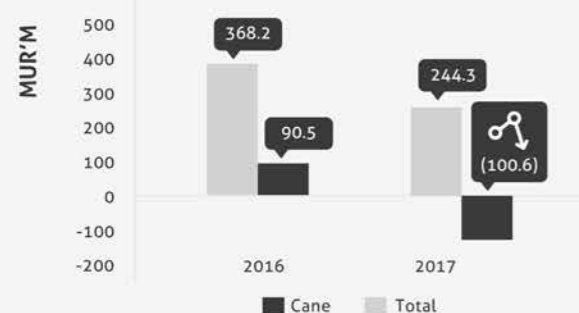
- Employee turnover rate = 4.76%
- 5,510 Ha of land under cane cultivation
- 867,643 tonnes of sugar cane milled
- 87,397 tonnes of sugar produced

546

Segmental Analysis Revenue



Segmental Analysis Profit after Tax



- Employee turnover rate = 0
- 427.5 GWh sold to CEB
- 95.6% availability on CEB network
- 43% renewable energy share

51

Segmental Analysis Revenue



Segmental Analysis Profit after Tax



- Employee turnover rate = 24.4%
- 24 own brands
- 46% of sales from spirits and 20% from wines
- 6 million litres of alcohol produced

562

Segmental Analysis Revenue



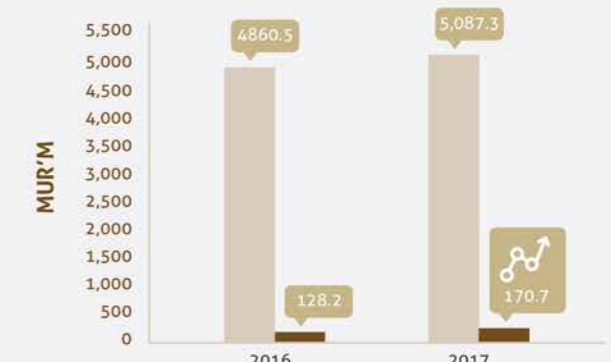
Segmental Analysis Profit after Tax



- Employee turnover rate = 11.8%
- 454 Ha of land available for development
- 65,657 m² under rent
- 96.1% occupancy rate

137

Segmental Analysis Revenue



Segmental Analysis Profit after Tax



OUR BUSINESS Model

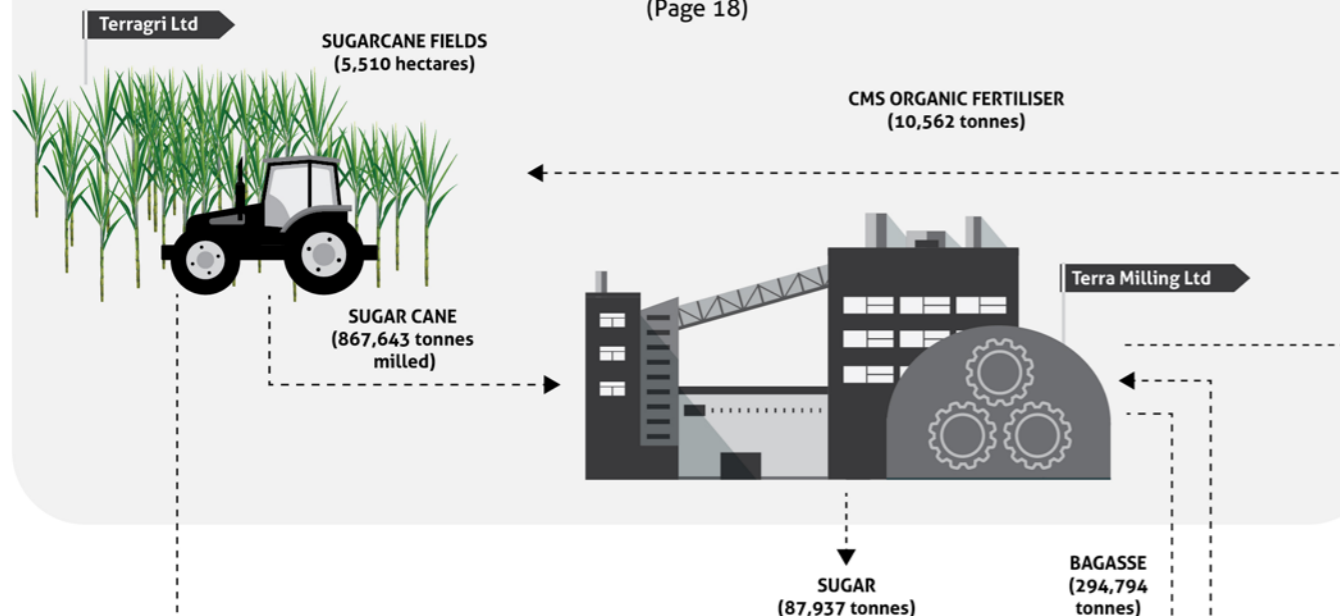
OUR BUSINESS Model (cont'd)

Terra's business model hinges on its ability to derive competitive advantage and create stakeholder value across its four clusters, each of which seeks to optimise value from the Group's core assets and activities across different stages of the cane value chain.

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

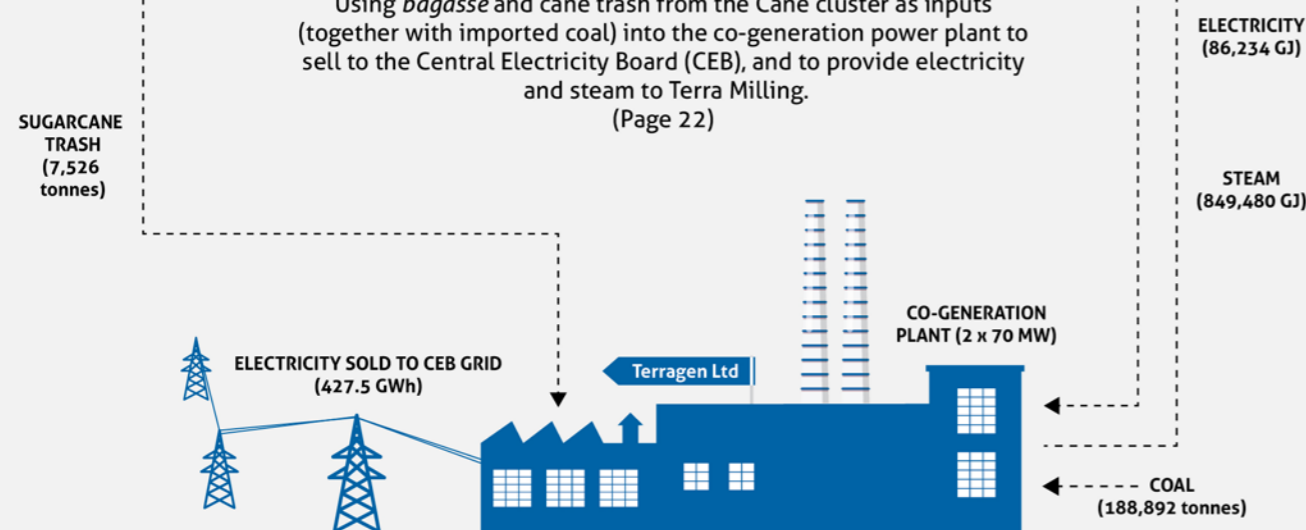
CANE 546

Transforming sugar cane into raw sugar and specialty sugars to sell through the Mauritius Sugar Syndicate, with certain by-products used as inputs into the Power and Brands clusters.
(Page 18)



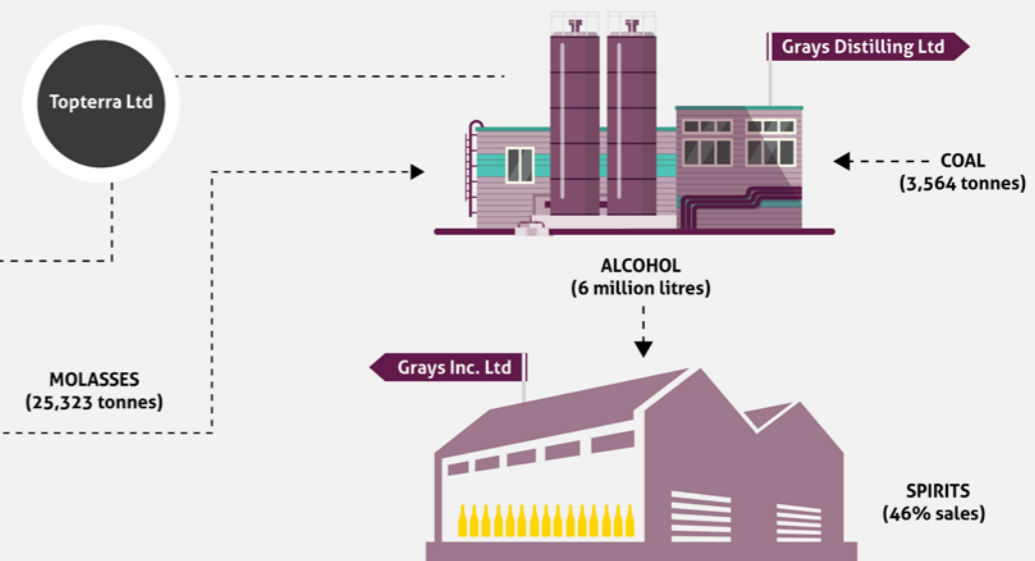
POWER 51

Using *bagasse* and cane trash from the Cane cluster as inputs (together with imported coal) into the co-generation power plant to sell to the Central Electricity Board (CEB), and to provide electricity and steam to Terra Milling.
(Page 22)



BRANDS 562

Transforming by-products of the sugar production process into value-added dark spirits and white spirits through the distillery process, and realising added value through the bottling, distribution and marketing activities, which have been extended to include third party brands in wine, whisky, personal care products and snacks.
(Page 26)



PROPERTY AND LEISURE 137

Realising real-estate development opportunities in well-located sites to create and unlock value from the Group's longstanding land holdings and managing *L'Aventure du Sucre*, a museum showcasing the history of sugar operations in Mauritius.
(Page 30)



CHAIRMAN'S Message

It gives me pleasure to present Terra's first annual Integrated Report. In line with corporate governance and accountability trends, both globally and nationally, we have taken the decision this year to produce an integrated report that seeks to apply the recommendations provided in the IIRC's International <IR> Framework. Our aim in this report is to articulate Terra's strategic framework for long-term value creation, and to provide the company's shareholders – and other interested stakeholders – with a concise review of the Group's performance and governance practices for the financial year.

This is the second full year in which Terra has been implementing its new strategy, under the leadership of Managing Director, Nicolas Maigrot, and his young dynamic management team. The strategy, which focuses on optimising value from the Group's core assets across the cane value chain, represents a significant departure from the previous focus on business diversification, and is already demonstrating its potential to deliver sustainable value creation within a challenging operating environment.

A challenging business context

Our business transformation has been undertaken in the context of increasing global volatility, characterised by rapid and profound changes in technology, growing nationalism and populism, and increasing evidence of greater protectionism. We are also seeing signs of headwinds in financial markets, with inflation levels diminishing purchasing power, and with concerns around a potential readjustment in financial markets impacting negatively on consumer, business and investor sentiment.

One of the most significant challenges we faced this year was the significant drop in the global sugar price, following

the termination in October 2017 of the EU's system of quotas and minimum pricing for sugar, bringing to an end its cap on sugar beet production that had been in place for almost 50 years. The resulting global supply surplus saw the average price of sugar falling to MUR 11,000 at financial year-end, below the breakeven price for local sugar producers. Given this context, there is an urgent need for all stakeholders across the sugar value chain – cane growers, refiners, other associated sectors and the Government – to work together to enable the Mauritian sugar industry to become as competitive as possible in order to face increased competition from other sugar producers globally.

Domestically, we have seen some favourable developments in the country, with the Government taking concrete measures aimed at boosting Mauritius' reputation as an international financial centre, and attracting further foreign direct investment. While the strengthening of the rupee has negatively impacted the country's competitiveness in certain sectors, and increased our trade deficit, I remain optimistic that we will see sustained levels of economic growth and a further strengthening of consumer demand. We have seen some valuable growth this year in areas such as construction, financial services, tourism and the ICT sector, with local economic activity likely to be further boosted in the coming years by significant public sector investment in the metro express light railway system and other infrastructural projects. The recent economic upturn in Europe will also have beneficial impacts on various sectors of the Mauritian economy, which remains dependent on EU demand for tourism, textiles and sugar.

Generally encouraging performance given the difficult price environment

The depressed global sugar price had a significant negative impact on the Group's overall performance this year, with Group profit after tax down 33.6% year-on-year, to MUR 244.3 million. In the context of this very challenging operating environment, it has been encouraging to see the Group's performance in areas that remain within its control. The performance and prospects across each of Terra's four clusters lend strong support to the Group's strategic focus on delivering value from its core assets.

A particular highlight has been the outstanding level of operational excellence achieved in the **Power** cluster, with Terragen once again being the most reliable and best-value partner for the Central Electricity Board (CEB), providing one of the cheapest sources of electricity for the country's national grid, and delivering strong revenue growth for the Group on the back of enhanced efficiencies. The company's strategic focus is to maintain the reputation it has progressively earned over the year as a reliable and cost-effective energy producer, continuing with its preventative maintenance and efficiency initiatives,

and engaging actively with the CEB to sustain their strong working relationship. In support of the Government's commitment to greener energy, Terragen will be looking to further increase its uptake of cane trash as a renewable energy input.

The **Brands** cluster delivered another year of solid performance, remaining a major actor in its sector and achieving significant progress in revising its brand portfolio and optimising its product mix, with the recently launched M.A.C. cosmetics business delivering particularly encouraging performance. In the context of growing competition, the Brands cluster will be further refining its brand offerings, driving additional efficiencies across the value chain, and reviewing its challenging Uganda business. With a record for innovation and maintaining strong distribution channels, the cluster is well placed to consolidate its position in the market.

Given the current challenging price environment, the **Cane** cluster has adopted a defensive strategy, focusing primarily on reducing costs and improving productivity across its operations, and optimising production of its premium specialty sugars. The strong efficiency drive has already delivered some encouraging productivity improvements this year in its milling, field and garage operations. Looking to the future, the cluster will continue to work closely with the Mauritius Sugar Syndicate, supporting its efforts to strengthen the branding and marketing of Mauritius' sugar, and engaging actively with small-scale planters in an effort to retain them in the sector. The Cane cluster will also be exploring opportunities for possible further international diversification, building on the success of its profitable operations in Côte d'Ivoire.

The progress made this year in the **Property and Leisure** cluster has been remarkable. It has completed the appointment of a diverse and talented team, laid down the organisational structure for the cluster, and made valuable initial inroads in its strategy of unlocking value from the Group's strategically located land holdings. Having secured the letter of intent for the proposed Beau Plan Smart City development, and formally handed over the new campus facilities for the African Leadership College, a key focus for the year ahead will be to give further momentum to the Smart City development, obtaining required certificates and permits, and commencing infrastructure and construction work.

Unfortunately most of the Group's key **associates** had another disappointing year, other than Sucrivoire, the Group's sugar partner in Côte d'Ivoire, and Swan General, the Mauritian insurance and financial solutions provider, both of whom delivered strong performances. While Terra remains committed to supporting its existing investments, it will aim at rationalising its investment portfolio.

CHAIRMAN'S Message (cont'd)

Ensuring effective governance through a diverse Board

Our primary role as the Board is to provide oversight and stewardship, ensuring that the Group's executive team is delivering on its fiduciary duties and doing the best it can with the resources entrusted to it, to ensure long-term value creation. Our job is not to be the driver of new strategic ideas, but rather to ask sharp questions on the strategy that the executive team develops, challenging it on its proposals, motivating it to ensure that all potential opportunities are properly explored, providing it with sufficient capital, manpower and technical resources to achieve these objectives, and holding it accountable to ensure efficient and effective execution of the strategy. In doing so, we are fortunate to have a group of directors on the Board who bring a great diversity of perspective and experience, across both the public and private sectors.

We are constantly seeking to improve our governance practices and to encourage greater transparency and accountability – and it is for this reason that we are embracing the global shift to integrated reporting. I encourage you, as one of Terra's stakeholders, to read this report and to give us your feedback, both on our disclosure and our performance.

Appreciation

In closing, and on behalf of the Board, I would like to convey our sincere appreciation to all of Terra's employees for their invaluable contribution to the Group's strong performance under difficult conditions. The Board and I would like also to convey our special thanks to Nicolas Maigrot and his management team for their work in defining the Group's new strategic vision for long-term growth, and for beginning to deliver effectively on this vision. I would like also to express my personal thanks to my colleagues on the Board for their wisdom and advice over the year.

Finally, I wish to extend my deep appreciation to Terra's business partners and to all of its various stakeholders, including particularly those within the Government of Mauritius, for their collaboration in assisting us to deliver on our shared goal of creating value for the benefit of our country. Since its initial establishment as a small sugar factory in 1838, Terra has delivered significant value for its many various stakeholders. I believe that the Group is very well placed to continue to deliver and share value into the future.



Alain Rey
Chairman of the Board
16 May 2018



MANAGING DIRECTOR'S Message

This has been a challenging year, with the Group's overall performance significantly impacted by worrying developments in the global sugar market. Gross profit for the Group was down by 12.9% to MUR 1,163.5 million, mainly as a result of the 25.4% fall in sugar price. Our local Cane operations suffered an operational loss of MUR 191.4 million, down from a profit of MUR 24.3 million in 2016. This loss was offset by continued strong performances in our other clusters: the Power cluster had a particularly good year, with very high availability and strong efficiency gains delivering good revenue growth; the Brands cluster maintained its position as one of the market leaders, simplifying its business model and optimising its product mix; while the Property and Leisure cluster completed the appointment of its full leadership team, and made valuable initial progress in the development of the Beau Plan Smart City complex.

Given the adverse operational context it has been encouraging to see the progress we have made in implementing our new strategy aimed at optimising value from our assets across the integrated cane value chain. By establishing four autonomous clusters we have driven a strong culture of accountability across the Group. Each cluster has full responsibility for managing its operations and budgeting, and is accountable for ensuring delivery on a clear strategic vision and three-year plan, with an associated set of key performance indicators. This year we finalised the appointment of all executive teams, with some high profile new talent coming into the Group. The talent across the Group provides a critical foundation to our ambition for each cluster to be the best in its respective sector.

Notwithstanding this positive progress in driving our new strategy, there have been certain disappointments over the

year. We have not yet finalised the sale of some of our non-core assets that we have been looking to release as part of a clear focus on our core strategy; we remain optimistic, however, that we will be closing some key sales shortly. The recent venture by our Brands cluster in Uganda has not been successful; we have learnt some valuable lessons from this experience, which will be useful in formulating our future international growth plans in this sector. Finally, the profitability of some of our key associates remains a concern; I believe that this vindicates our recent decision to rationalise our portfolio, and to focus on securing value from our core assets and activities.

Responding to the fall in sugar prices

The Group's performance this year has been dominated by the termination, in October 2017, of EU quotas for European beet producers. The ensuing increase in sugar production has seen global sugar prices falling below the cost of production in almost all markets, with significant implications for the Group's business model and the Mauritian sugar sector as a whole, both in terms of growing and milling sugar. Responding to this changing price environment will require a major rethink of current practices in the local sugar industry at a national, sectoral and individual company level.

Nationally, the Mauritian sugar industry operates under a tight regulatory environment, built on a unique model of providing the same sugar price to all producers. While this regulatory context has helped to distribute value across the sugar value chain and the broader Mauritian economy, it is currently hindering the sector's ability to be globally competitive and is significantly undermining our ability to create further value. If the sector is to remain viable, we will need to see greater liberalisation of the regulatory framework, and a progressive move towards a more level playing field, as in other sectors in the country. We believe that the time is right for a full structural reform of the local sugar industry, further consolidating production sites, providing the right environment to retain and attract small-scale sugar planters, and enhancing efficiencies across the whole value chain that influence the price of sugar. Substantial and urgent reform is critical if we are to sustain the business model of planters and millers across the country for the benefit of the Mauritian economy as a whole.

At a sectoral level, the Mauritius Sugar Syndicate (MSS) has a critical role to play as the institution responsible for selling and marketing all locally produced sugar. We are collaborating closely with the MSS in its efforts to strengthen the marketing and branding of Mauritian sugar, with the aim of consolidating the sector's presence in existing markets and to penetrate new ones, including specifically niche markets for premium specialty sugars.

Finally, at a company level, we are working hard to reduce our costs of production by driving strong efficiency gains across all stages of our production chain, while at the same time strengthening our capacity to develop and utilise our expertise in other sugar growing markets.

Our long term strategy for value creation

The recent restructuring of the Group into four autonomous clusters, completed in 2016, reflects our strategic ambition of creating value through our core assets. This is a long-term strategy that will take time to deliver its full potential in terms of profit growth, as we invest over the short-term on the human resources and projects necessary for value creation down the road.

An important development this year was the finalisation of a clear strategic vision for each cluster.

- In the **Cane** cluster our strategic objective is to become, and be recognised as, a highly efficient and innovative sugar producer that exports its expertise internationally. In the current low-price environment, our most immediate priority is to focus on ensuring our resilience, by driving improved efficiencies and enhanced productivity across our workforce in our growing and milling activities. We will also be exploring additional opportunities for international sugar activities, including the existing one in Côte d'Ivoire, using our recognised technological and process skills to grow and mill sugar in carefully selected regions, with our existing operations in Mauritius serving as a training centre and base for developing global best practices.

- In the **Power** cluster, we will focus on maintaining our best-in-class availability and reliability, while further improving operational efficiencies. As part of our commitment to delivering green energy, we will be consolidating the uptake of cane trash as a renewable energy input, and driving our carbon burnout project aimed at transforming coal ash into raw material inputs for cement production. Reflecting our determination to remain the most reliable and cost-effective source of electricity in the country, and as an integral part of our long-term preventative maintenance strategy, we will be investing in revamping our turbine control system and making additional capital investments to maintain the integrity of our site.

- Our strategic objective in the **Brands** cluster is to consolidate our market leadership position in Mauritius, using the outcomes of the recent activity-based costing exercise to optimise our product mix and drive further efficiencies across our distribution channels and supply chain management. We have underestimated the complexity of running a "brand" activity in Uganda and

MANAGING DIRECTOR'S Message (cont'd)

we are taking the necessary steps to remedy the situation. Further investments will be made in Mauritius at the level of the distillery and in the rum ageing activity, while we will continue to be on the lookout to export our know-how.

- In the **Property and Leisure** cluster, our goal is to be recognised as a leading real estate developer in a structured and sustainable environment, seen as the business and residential location of choice in the north of Mauritius. We will be focusing on two principal projects – the Beau Plan Smart City and the Balaclava Golf Estate – as well as realising value over the shorter-term through the carefully considered sale of non-strategic agricultural land aimed at raising cash to finance infrastructure and further boosting the value of our remaining property portfolio.

As part of our drive to maintain a clear strategic focus on these four clusters, we will be rationalising our **investment portfolio**, focusing only on those areas where we have the ability to make a strategic impact.

Acknowledgements

I wish to thank my colleagues on the executive team and top management in each of the clusters for their continued commitment and strong performance in a challenging operating environment. I would also like to thank my colleagues on the Board for their valuable engagements regarding the development and implementation of our strategy. Finally, I would like to express my appreciation to Terra's employees across the Group for their dedication and hard work throughout the year.

Looking ahead, I am confident that we will continue to nurture a strong performance based permanent improvement culture, and drive an ethos of operational excellence, that will give the Group's business units a distinct competitive advantage and enable us to create long-term value for our shareholders and other stakeholders.



Nicolas Maigrot
Managing Director
16 May 2018



This has been a challenging year for the Group, with the significant decline in the global sugar price negatively impacting profits. The continuing strong revenue performance of the Brands and Power clusters, coupled with the positive initial signals from our recently established Property and Leisure cluster, give us confidence that our strategy of optimising value by developing our core assets will deliver longer-term growth in this challenging sugar-price driven environment.

Income Statement: Group profits impacted by lower sugar prices

Group revenue for the 2017 financial year was up MUR 226.8 million (4.7%) to MUR 5,087.3 million, driven mainly by Brands and Power clusters. Despite the increase in revenue, gross profit for the Group was down by MUR 171.8 million to MUR 1,163.5 million. This 12.9% drop was due mainly to the 29.3% fall in the sugar price, which was mitigated by accompanying measures from the Mauritius Sugar Syndicate and the Sugar Insurance Fund Board, but nevertheless caused our local sugar operations to record a loss of MUR 191.4 million, including a standing crop fair value loss of MUR 115.3 million.








Group EBIT stood at MUR 318.7 million, with profit realised on land sales of MUR 164.3 million, significantly up compared to MUR 52.1 million in 2016. The new Property and Leisure cluster is now in operation, and has begun to unfold its strategy through the implementation of real-estate development opportunities in well located sites, with a view to creating and unlocking value of our land holdings in the near future. Rental income for the year was MUR 78.0 million, up 39.3% on MUR 56.0 million in 2016.

The year-on-year increase in depreciation and amortisation of MUR 15.5 million is linked to the higher asset base of the Group's property, plant and equipment. Finance costs amounted to MUR 100.4 million. The 27.4% increase is mainly due to additional group borrowing of MUR 339.2 million raised to partly finance capital expenditure and investments in financial assets.

The contribution from our Associates dropped by MUR 10.1 million, mainly due to underperforming investments in new emerging sectors.

Group profit for the year stood at MUR 244.3 million, a 33% reduction on last year, after accounting for an impairment of MUR 58.2 million and a deferred tax credit of MUR 32.8 million following a drop in income tax rate of subsidiaries engaged in export of goods. Earnings per share (EPS) dropped to MUR 0.38, down by MUR 0.58 on last year.

Financial highlights

	2017 MUR' M	2016 MUR' M	Change %	
Revenue	5,087.3	4,860.5	4.7	
Profit before finance costs (EBIT)	318.7	459.8	(30.7)	
Profit after tax	244.3	368.2	(33.7)	
Earnings per share (EPS)*	0.38	0.96	(60.4)	
Net asset value per share (NAV)*	58.30	58.50	(0.3)	
Gearing**	0.15 : 1	0.12 : 1	-	
Dividend per share *	0.85	0.85	0.0	

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

Balance Sheet: Strong balance sheet retained and dividends delivered

The Group invested an additional MUR 405.6 million in property, plant and equipment to maintain and improve plant operational efficiencies.

Listed investments are valued on the basis of the higher of the net asset value (NAV) or market price. Our investment portfolio grew by MUR 214.8 million (6.3 %). Investments in associates and financial assets were fairly valued using the mark-to-market for all quoted investments, NAV or discounted cash flow (DCF) valuation principles, as appropriate. Total assets reached MUR 18,756.7 million, compared to MUR 18,348.4million in 2016.

Owners' interest dropped by MUR 48.5 million to MUR 13,258.3 million, mainly due to losses recorded by our local sugar growing operations which are held at 100% by the Group, while in the other profitable subsidiaries our percentage holding varies between 51% and 80%, hence a lower contribution towards owners' interest.

Group current and non-current borrowings amounted to MUR 2,698.2 million, an increase of 14.4 % over the previous year. The increase in debt is mainly attributable to the funding of capital expenditures and financial investments. Net debt to equity is at 17.6% and remains low in terms of the group borrowing capacity.

Net asset value remains at par with 2016 at MUR 58.30 per share, despite the adverse economic conditions facing our local sugar operations. Market capitalisation of the Group was at MUR 6,347.3 million at 31 December 2017. In line with our aim to pay a dividend that is considered sustainable in the medium to long term, the Group paid a dividend of MUR 0.85 per share to its shareholders.

Cash Flow: A decrease in cash and cash equivalents and increase of investments in production equipment's and other investments

Cash from operating activities amounted to MUR 246.5 million, while net cash used in investing activities stood at MUR 440.5 million, an increase of MUR 92.9 million year-on-year. The investments were mainly in property, plant and equipment (MUR 467.6 million), including replantation costs of MUR 62.0 million. We spent MUR 56.9 million on land development.

Terra also applied funds towards equity investments in United Investments Limited (MUR 145.2 million), Inside Equity Fund (MUR 7.5 million), Inside Capital Partners Ltd (MUR 3.0 million) and Beau Plan Campus Ltd (MUR 43.7 million). We increased our stake in Provident Warehouse Limited at a cost of MUR 21.3 million. Cash inflows were derived from proceeds realised on the sale of land (MUR 258.5 million), sale of fixed assets of MUR 0.9 million, as well as from interest received (MUR 11.4 million) and dividends received (MUR 137.8 million).

The net cash received from financing activities amounted to MUR 113.1 million, and consisted mainly of additional funds raised from institutions (MUR 415.8 million) and redemption of capital (MUR 3.8 million). The Group paid

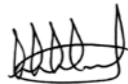
dividends of MUR 306.5 million to Terra' shareholders and the minority shareholders of its subsidiary companies, at much the same level as last year.

After taking into consideration the above transactions, overall cash and cash equivalents decreased by MUR 80.9 million.

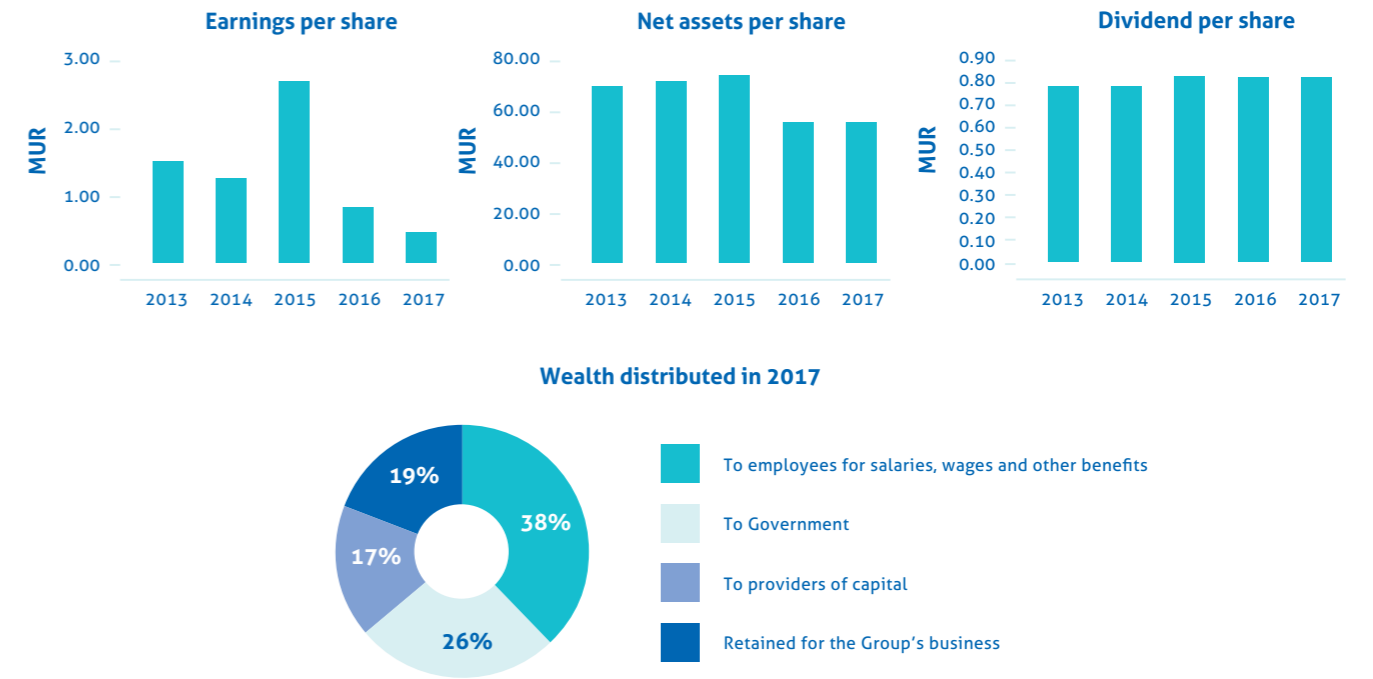
Looking ahead: Prospects for 2018

Terra is pursuing its strategy of improving efficiency of its core activities, and unlocking the value of its land holdings in the north of Mauritius. We will continue to focus our attention on improving EBITDA margin, increasing the overall Group return on equity (currently at 2 %), and generating more cash across our various operating activities.

In closing, I wish to thank the Board and my colleagues on the executive team for their inputs and guidance throughout the year, and look forward to a positive year ahead.



Henri Harel
Group Chief Finance Officer
16 May 2018





OPERATIONAL REVIEW









Growing sugar cane and producing sugar are the foundation of Terra’s growth and success, and date back to 1838 when the Harel brothers acquired the Belle Vue sugar estate in the north of Mauritius. Today we have around 6,000 hectares of agricultural land, and we operate one of the most modern sugar factories on the island, with a processing capacity of 336 tonnes of cane per hour. In a typical year, the mill processes some 875,000 tonnes of sugar cane and produces 93,000 tonnes of sugar. We also jointly manage two sugar estates and factories in Côte d’Ivoire.

Our business model

Our cane business is largely a commodity business, driven by supply and demand dynamics in the global sugar industry. In addition to being a price-taker globally, we are subject, at the level of our Mauritian operations, to pricing that is centrally determined by the Mauritius Sugar Syndicate (MSS) for the local sugar sector. As a price-taker, our business model is determined largely by our ability to drive efficiency gains in both the growing and milling activities. An important differentiating factor is our offering of specialty sugars, which carry an additional price premium. We also benefit from state-of-the-art technology and skills in the mechanisation of cane growing and harvesting.

Given the current low-price environment and challenging global trade dynamics, we have a largely defensive strategy focused on driving operational efficiencies in our existing activities. The bulk of our material costs relates to labour, followed by repairs and maintenance, fuel and fertilisers. Through activity-based costing initiatives, undertaken in our fields, mills and garage operations, we have been identifying and realising opportunities to further optimise our production. In addition to driving efficiencies at our Belle Vue operation, we are also focusing on our Côte d’Ivoire operations with the objective of producing more sugar at a lower cost by reproducing our skills and expertise developed in Mauritius over the years. Moreover, we are reviewing international growth opportunities that harness our technological and process skills.

Our vision is to be a global player in growing cane and manufacturing (specialty) sugar

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
<div>People</div> <div></div>	392 permanent employees and 311 temporary employees (Terragri) 154 permanent employees and 296 temporary employees (Terra Milling)	Injury rate: 29.0 including 1 work-related fatality 39.5% drop in accident rate at Terra Milling and 15.9% drop at Terragri Two staff took early retirement
<div>Manufactured</div> <div></div>	Installation of a new pre-evaporator to optimise on steam consumption Acquisition of three new TSK centrifugals for better efficiency and quality Automation of weighbridges for improved productivity and reduction in operational costs 867,643 tonnes of cane crushed	424,871 tonnes of own cane harvested 87,397 tonnes of specialty sugars produced in 10 varieties Closure of two weighbridges
<div>Natural</div> <div></div>	5,510 hectares of land under cane cultivation 867,643 tonnes of sugar cane milled 9.8 million m³ of water consumed 250,515 GJ coal-based energy 10,562 tonnes of organic fertilisers 1,174 tonnes of liquid mineral fertilisers 1,141 tonnes of solid fertilisers 1,650 m³ of diesel	4,294 tonnes of CO2 (from diesel) 19.8 tonnes of used vehicle tyres 14.5 m³ of used oil
<div>Social</div> <div></div>	Quality relationships with key stakeholders including: MCIA, Terragen, MSS, planters, employees and labour representatives and service providers	4.76% employee turnover rate Zero days lost due to strike action MUR 0.5 million of CSR contribution Closure of Mount garage and dispensary
<div>Intellectual</div> <div></div>	Renewal of international certifications including BRC, HACCP, GMP, Halal and C-TPAT	Continuous improvement in manufacturing techniques One new employee with Specialty skills
<div>Financial</div> <div></div>	Total borrowings increased by MUR 45.9 million MUR 112.6 million invested in property, plant and equipment. Out of the above investment, MUR 42 million was invested in a new evaporator (co-financed with Terragen) MUR 62.0 million invested in bearer biological assets	Turnover: MUR1.1 billion (16.8% decrease) Loss: MUR 100.6 (2016: Profit of MUR 90.5 million). 2017 figure includes negative Fair Valuation of Standing Crop of MUR 115.3 million

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Continuing volatility in global sugar prices – This year the average selling price on the London Exchange stood at USD 433 compared to USD 499 in 2016 and USD 373 in 2015. In Mauritius, the price of sugar was MUR 11,000 per tonne for crop 2017. In addition, millers and growers have received the following financial aid per tonne: MUR 1,450 from MSS and MUR 1,250 from SIFB. The price for crop 2016 stood at MUR 15,571 per tonne.	With the lower sugar price anticipated to continue at least for the short term, we are focusing on improving efficiencies across our growing and milling operations. We are also striving to increase sugar yields and optimise production of our premium specialty sugars.
Changing global trade dynamics – With effect from 1 st October 2017, the European Union abolished its system of sugar quotas, contributing to a supply surplus and lower sugar price, and resulting in a much more competitive market environment.	We welcome the establishment by the MSS of a marketing committee and the appointment of a foreign expert to assist in price negotiations; we are working actively to assist them in strengthening the branding and marketing of Mauritius’ sugar, and exploring new market opportunities.

MATERIAL ISSUE IMPACTING VALUE CREATION (Cont'd)	OUR RESPONSE (Cont'd)
<p>Sustaining supply from small-scale cane producers – The productivity of our mill and the production capacity of our specialty sugars, requires a regular supply of cane from small-scale independent cane producers. Some farmers are leaving the industry due to insufficient profitability, and there is low interest among the younger generation to work in the fields. This year, the volume of cane secured from planters fell to 442,000 tonnes, down from 478,000 tonnes a decade ago.</p>	<p>We are placing a strong focus on reviving the interest of existing and prospective independent cane planters to ensure a regular flow of cane to our mill. We will be working with authorities to identify opportunities to appropriately motivate the next generation of planters.</p>
<p>Rainfall patterns and water availability – With only 40% of our fields under irrigation, we are dependent on local rainfall and thus susceptible to the uncertainties of changing weather and climate. In terms of water for irrigation, we face competition from other users as the economy grows in the water-scarce north of Mauritius.</p>	<p>We have undertaken a thorough assessment of water-related risks and opportunities, and are implementing measures to optimise our water consumption and ensure better utilisation of effluents for irrigation.</p>

Our 2017 performance

Following the 29.3% drop in sugar price, this has been a challenging year for the business, with the Cane cluster posting losses of MUR 100.6 million, down from MUR 90.5 million profits in 2016. Our Mauritian operations incurred losses of MUR 191.4 million, including a standing crop fair value loss of MUR 115.3 million. This was partially offset by the performance of our associate company in Côte d'Ivoire, *Sucrivoire*, in which Terra holds a 25.5% stake. This year *Sucrivoire* contributed MUR 62.6 million to Group profits, down from MUR 78.4 million in 2016.

Mauritius: Driving efficiencies in a low-price environment

With our Belle Vue operation feeling the impact of the lower sugar price and local market dynamics, it was encouraging to see that our recently introduced efficiency and change management measures are beginning to deliver some gains in our mill, field and garage operations.

This year, 52,635 tonnes of sugar accrued to the Group, comprising 33,224 tonnes attributable to growing operations and 19,411 tonnes to milling operations. Terra Milling produced 87,397 tonnes of sugar *Tel Quel*, of which a record 87,974 tonnes were specialty sugars. The extraction rate was 10.17% (compared to 11.12% in 2016), while the volumes of cane processed declined slightly to 867,643 down from 876,723 tonnes in 2016. Our average yield was 8.66 tonnes of sugar per hectare, with an average sucrose content of 11.6% (compared to 8.77 tonnes and 12.55% respectively in 2016).

We invested MUR 53.2 million (included in capital expenditure of MUR 112.6 million) this year to enhance the mill's performance and improve operational efficiencies. The mill crushed an average of 6,287 tonnes of cane per

day, up from 6,262 tonnes in 2016, and operated on average 20.3 hours per day. The extraction rate of the mill improved to 97.56, up from 97.44, while the average milling rate was 310.1 tonnes per hour, compared to 300.9 in 2016.

We completed the setup of our new financial team, made further progress in the roll-out of activity-based costing and individual performance appraisals, delivering valuable productivity improvement and efficiency gains across our operations and employee teams. Following the recent dissolution of the Mauritius Sugar Producers' Association (MSPA), we have begun the process of direct negotiations with labour syndicates. We made some important progress this year in promoting a culture of health and safety in our operations through a combination of investments in technical equipment and a stronger focus on internal communication and employee training, both of which have contributed to reducing the accident rate across our operations. Despite these efforts it is deeply regrettable to report that one of our employees, Vivien Manuel Lejeune, was fatally injured in an accident involving a Bell loader in October 2017. We have completed an independent investigation into the accident and are taking remedial measures such as conducting awareness sessions, driver's ability assessment, and improving safety measures to prevent such accidents.

Côte d'Ivoire: Another profitable year

Together with our Ivoirian partner (SIFCA) we jointly manage two sugar estates in Côte d'Ivoire, with factories in Borotou and Zuenoula that collectively supply around half of the sugar consumed in the country. Sales in the growing domestic market continue to perform well. This year, production from both sites amounted to 77,600 tonnes, compared to 86,339 tonnes in the prior year. This is mainly due to unfavourable climatic conditions.

Sucrivoire sold 108,034 tonnes of sugar in 2017, compared to 102,464 tonnes in 2016.

Our goal is to grow sugar production from current levels to around 160,000 tonnes by 2023. Given recent developments in the country's political, regulatory and governance environment, and this year's encouraging GDP growth rate of 8%, we remain confident that we will deliver on our growth targets.

Our strategic outlook

We have recently finalised a 2020 Vision aimed at ensuring our resilience and growth in the very challenging current price environment.

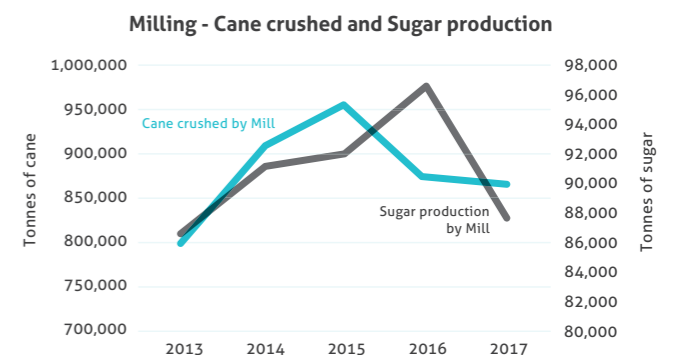
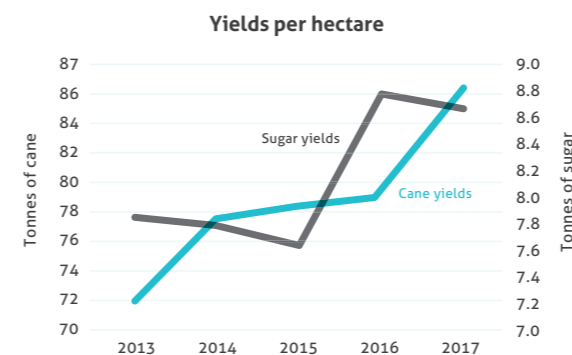
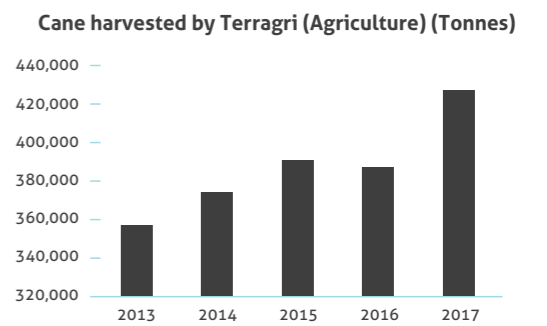
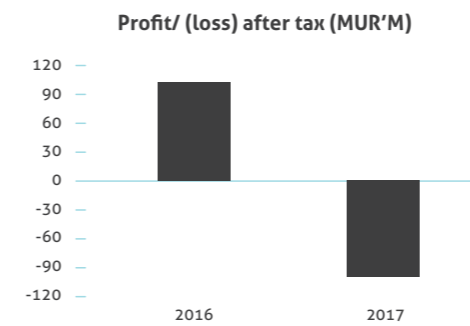
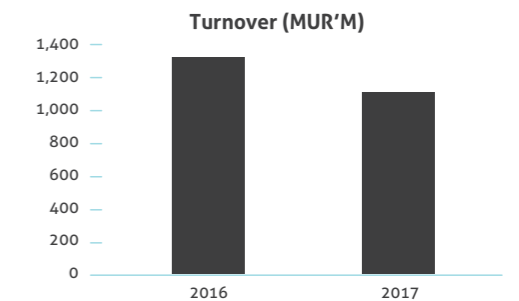
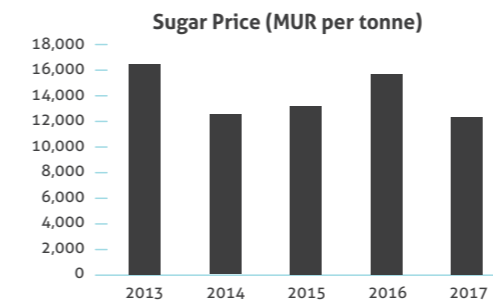
Our primary focus is on managing those activities where we are invested at present, driving improved efficiencies and optimising production. We have prioritised the following areas:

- Identifying and realising specific practical opportunities for improved efficiencies and enhanced productivity:

- across our workforce;
- through our procurement practices and productivity improvement programme;
- by implementing more efficient harvesting and soil preparation measures; and
- by introducing new technologies and field maintenance activities
- Retaining a strong focus on driving a culture change process across the operation
- Working actively in finding solutions to motivate and retain small-scale farmers
- Driving continuous improvement in our manufacturing techniques
- Optimising our water consumption and ensuring better utilisation of effluents for irrigation
- Maintaining our close collaboration with MSS regarding the pricing and volumes of specialty sugars.

We will also be exploring opportunities for international diversification, harnessing our recognised technological and process skills in those regions that offer the right balance in terms of risk versus the potential return on investment.

Performance graphs





Terragen is a power producer that supplies electricity to the Central Electricity Board (CEB), as well as electricity and steam to Terra's sugar mill, through our 2 x 35 MW thermal power plant. Operating in a joint venture partnership with French company Albioma, we generate electricity and steam by burning bagasse and cane trash during the crop season (from July to December), and imported coal from South Africa during the intercrop season.

Our business model

Ensuring a regular and reliable supply of electricity to the CEB and our partner, Terra's sugar mill, is at the heart of our business model. Delivering on our customer value proposition requires that our energy is available on demand; we strive to respond as quickly and efficiently as possible to calls for production from the CEB, and to maintain a reliable supply by avoiding any breakdown incidents, and minimising disruption to our clients from any incidents that might occur.

With our plant currently working close to its peak capacity, our opportunities for revenue generation derive primarily through optimising the efficiency of Terra's sugar mill. This reduces their share of energy usage and releases further capacity for sale to the CEB network.

As part of our commitment to driving renewable energy in Mauritius and to decarbonise our energy inputs, we are continually looking for opportunities to substitute coal with biomass as a raw material input. We are also maintaining a strong focus on identifying opportunities to reduce dust and particulate emissions.

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
People 	49 employees with the appropriate technical skills and motivation	Zero fatality Injury rate: 9.6 Lost day rate: 0.4
Manufactured 	One generation plant of 450 GWh capacity Two units of 35MW operating on three types of fuel: Coal, bagasse, trash	427.5 GWh sold, constituting 16% of the national energy mix MUR 124.0 million invested in plant and equipment
Natural 	188,892 tonnes of coal 294,793 tonnes of bagasse 7,526 sugarcane of trash 1.7 million m ³ of water consumed	437,089 tonnes of CO ₂ (coal) 247,877 tonnes of biogenic CO ₂ (bagasse) 11,156 tonnes of biogenic CO ₂ (sugar cane trash) Zero environmental emergency situations
Social 	Our business model depends on maintaining quality relationships with key stakeholders including: CEB, Terra Milling, regulatory authorities, small-scale planters and suppliers	Employee turnover rate: zero MUR 37.0 million payment in taxes MUR 4.7 million of CSR contribution
Intellectual 	First Mauritian firm to be granted an AFNOR certified integrated management system certificate based ISO 9001, ISO 14001 and ILO OSH 2001	Availability on CEB network 95.6% Reliability: one plant trip Specific coal consumption: 598g/kWh
Financial 	Coal purchase: MUR 750.7 million Maintenance cost: MUR 72.7 million	Turnover: MUR 1,340.0 million (18.8% increase) Profit: MUR 236.6 million (7.6% increase)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Dependency on a primary client – Being primarily dependent on a single external client, it is critical to maintain a strong relationship based on mutually beneficial outcomes.	We continue to invest in maintaining our ability to provide a regular and reliable supply of energy. This has been another positive year, with record availability levels and competitive pricing.
Potential changes to environmental regulation – Changes in environmental regulation could have a significant potential impact on our existing business model requiring substantial investment in new equipment and possible changes to current processes.	We engage regularly with relevant authorities to identify potential regulatory changes and ensure that appropriate measures are taken. We are identifying opportunities to minimise our emissions and to reduce the use of coal by increasing the use of sugarcane trash in the energy mix.
Unplanned disruption to generation or transmission activities – Unplanned outages, associated for example with a fire, mechanical breakdown or cyclone activity, could negatively impact the ability to deliver energy.	We have a preventative maintenance programme and clear risk management processes and response measures in place. We are currently investing in a new fire pumping station and new fire network.

Our 2017 performance

Strong financial returns underpinned by excellent operational performance

This was another good year for Terragen, characterised by 95.6% availability, as well as further improvements in operational efficiency. Our profitability this year was MUR 236.6 million, up from MUR 219.8 million in 2016. The plant had a good production of 427.5 GWh of electricity, close to the plant's peak capacity of 450 GWh. We invested an additional MUR 40.0 million this year to further enhance operational efficiencies in Terra's sugar mill, resulting in valuable revenue gains as well as improved environmental performance, particularly in terms of enhanced energy efficiency. This has offset the combustion of 1,700 tonnes of coal.

Seeking to decarbonise our energy mix

We have continued to make some progress in our commitment to increase the use of renewable resources for electricity generation, by realising opportunities for using cane trash as biomass input for electricity production. We are working collaboratively with Terragri's field teams to increase the collection, compacting and transportation of cane trash, and have further improved our production systems and processes for managing this alternative raw material input. This year we generated 7.5 MW using 7,526 tonnes of cane trash, up from 4.3 MW and 4,345 tonnes in 2016. We believe that this project offers a significant opportunity to improve the greening of energy generation in Mauritius, potentially reduce coal consumption and imports by around 15,000 tonnes. Its longer-term success is contingent, however, on the effective participation of small planters, as well as reaching agreement on an appropriate cost and price structure.

We made further progress this year with our carbon burnout project, a joint-venture between Terragen and Omnicane that is aimed at collecting ash, a by-product of coal combustion, and passing this through a re-burning process that will be transforming this into raw material for the production of cement. Through this process we can reduce the carbon content from around 20% to less than 5%.

We are pleased to report that we had another good year in terms of health, safety and environmental performance, with a productive collaboration between employees and external service providers in ensuring compliance with the health and safety rules and procedures. No serious injuries have been registered since January 2017. The injury rate and lost day rate for Terragen, and their external service providers, has been decreasing during 2017.

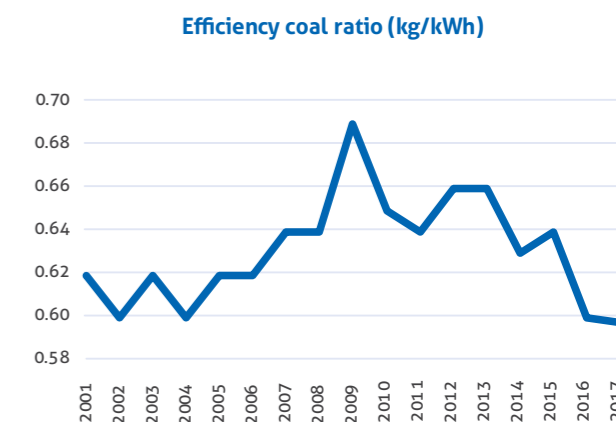
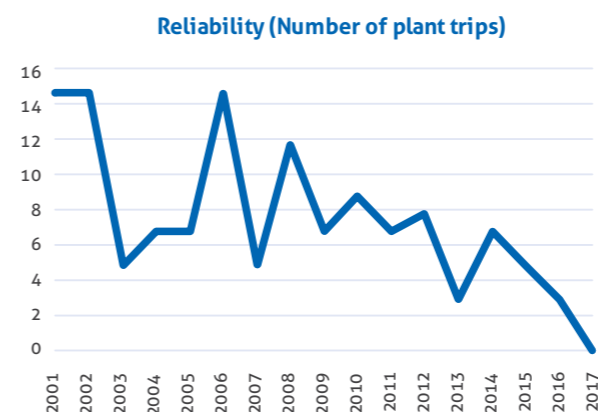
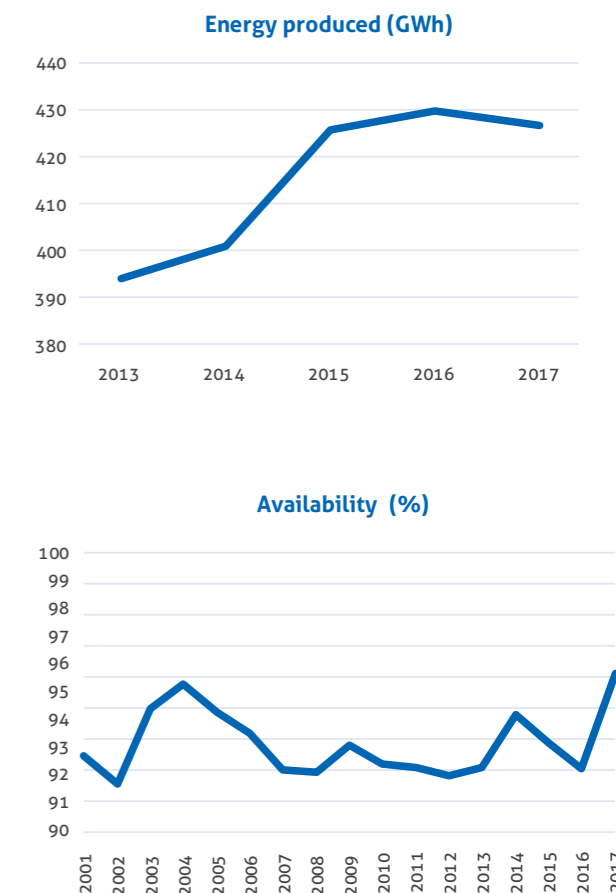
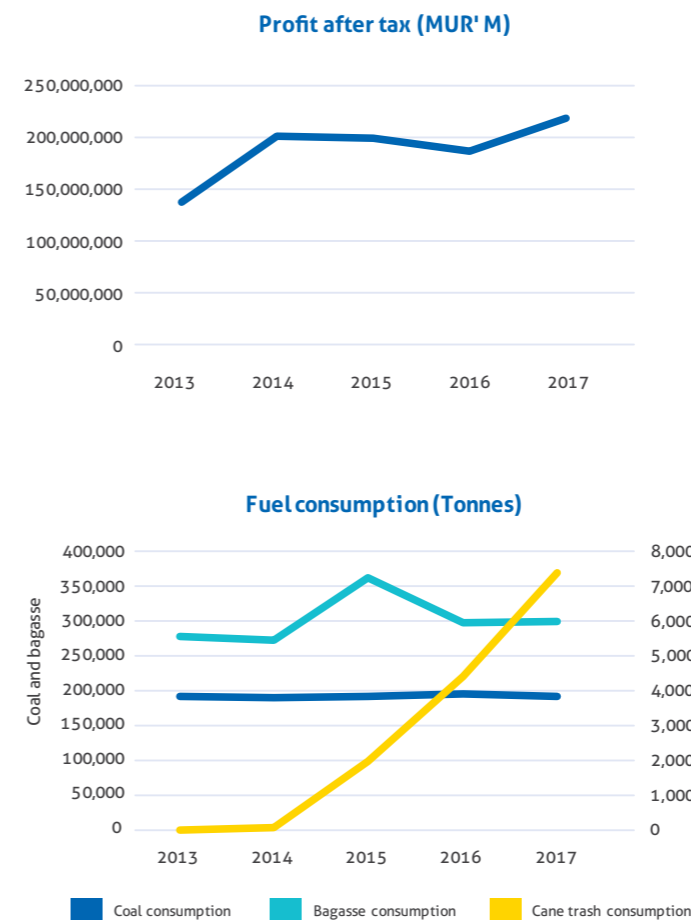
On the environmental front, corrective actions were taken according to legionella protocol when a contamination by this bacteria in the cooling towers was detected by the ATP-metry method, which allows identification and monitoring of the critical control points in water. Terragen pays particular attention to neighbouring residents regarding any potential environmental issues, and maintains good communication with them. Emergency response to chemical spillage was improved by installing two gate valves so as to contain the spilled products. We also relocated our diesel tank in compliance with regulations. All hazardous wastes are also well managed and appropriately disposed of at a waste storage facility at La Chaumière.

Our strategic outlook

Our strategic focus is to continue maintaining our availability and reliability and improve our efficiency. We will consolidate the uptake of cane trash as a renewable energy input in 2018. We will further invest and increase the consumption of trash if we obtain an appropriate remuneration on kWh/trash.

As part of long-term preventative maintenance measures, we will be investing in revamping our turbine control system. We will also be making further investments to ensure the integrity of our site, further reduce coal dust emissions, and install a new fire pumping station and fire network, supported by additional fire detection and protection measures.

Performance graphs





Established in 1931, Terra Brands Ltd, the holding company of the Grays cluster, is one of the pioneers in the Mauritian distillation sector, a local leader in importing and distributing quality spirits and wines, and the leading producer of alcoholic drinks derived from sugarcane. Over the past decades, we have diversified our activities to include the distribution and sale of personal care, and cosmetics to the end consumer.







Our business model

Our customer value proposition is centred on adding value through strong brands, and driving efficiencies through a better route to market. Our core competencies lie in spirit production and distribution, brand building and premium retail. Through our distribution activities we bring synergy to the Group’s sugar operations by transforming by-products of the sugar production process into value-added products such as spirits.

We have developed our own well-recognised brand offerings in dark spirits (aged, spiced, flavoured rums and Scotch Whisky) and white spirits (such as cane spirit, white rum, vodka, gin and others), and have expanded this portfolio with global third-party brands in wine, whisky, personal care products and snacks. We market our wines and spirits through our network 20/Vin outlets, and we have developed strong relationships with retailers to ensure the effective coverage of our brands across Mauritius. As a vertically integrated company, we exercise control on all stages of local production – from refining to bottling and packaging – guaranteeing a seal of quality to the finished product. We are looking to export our expertise into other sugar producing countries to manage this vertical integration.

As our production and distribution activities are labour intensive, we place a high priority on nurturing strong relationships with our more than 500 employees. Grays has become recognised as an employer of choice in the north of Mauritius.

We build leading Brands in our markets and market the spirit of our Brands internationally

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
People 	655 employees 93 outside Mauritius (included in the above)	Injury rate: 21.1 14 new specialist skilled staff recruited
Manufactured 	6 million litres at distillery Six existing stores 5,000 m³ of warehouse space 5,500 m³ of ageing cellars	MUR 60 million planned investment in upgrading distillery Two new stores in the year 1,100 m³ of new warehouse space under construction
Natural 	25,323 tonnes of Molasses 758 m³ of alcohol (100%)	53 tonnes of glass bottles recycled 11 tonnes of plastic waste recycled
Social 	Our business model depends on maintaining quality relationships with key stakeholders including: MRA, employees, Government, brand owners, suppliers and customers	24.4% employee turnover rate Recognised as employer of choice MUR 627.1 million payment in taxes (Mauritius) MUR 2.2 million of CSR contribution
Intellectual 	24 own brands	Five new brands established 74 previous brands discontinued Progress in securing HSEQ certification
Financial 	Acquisition of new subsidiary – MUR 33.9 million Purchase of Plant and Equipment – MUR 35.3 million New buildings – MUR 37.1 million Purchase of intangible assets (Brand) – MUR 10.7 million Terra Brands total equity – MUR 854.2 million	Turnover: MUR 2.3 billion (10.3% increase) Profit: MUR 125.3 million (stable)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Increasing excise taxes – Yearly increase in the excise duty rate levied on alcoholic drinks results in price hikes, reducing the competitiveness of products on the local market.	To mitigate this risk, which affects the whole market, we have diversified our product offerings to include both luxurious brands and affordable products.
Global mergers and acquisitions – Mergers and acquisitions on international markets potentially impact the nature of our existing brand offerings.	We have diversified our offerings to include locally developed brands: eight of the 20 best performing brands are developed in-house. We have also benefited by obtaining distribution opportunities for new brands following recent mergers and acquisitions.
Increasing health consciousness of consumers – Growing health awareness among consumers of health-related issues is both a risk and an opportunity.	We regularly track changing consumer behaviour and tastes, and have recently approved a diversification strategy to actively seek new opportunities for revenue growth, including specifically in the healthy foods and personal care products sectors.

Our 2017 performance

This year was another year of steady growth in turnover, with the year ending at MUR 2,285.4 million, up from MUR 2,071.6 million in 2016. Profit after tax remained flat at MUR 125.3 million, compared to MUR 125.4 million in the prior year. This reflects the generally lower levels of consumer confidence, with an increasingly competitive market and higher local taxes placing pressure on margins.

Brands: Simplifying our business model

We made satisfactory progress this year in revising our brand portfolio, ensuring greater efficiencies by focusing on our stronger performing brands. Informed by a comprehensive activity-based costing exercise, we reduced the number of our brand offerings by 22% and stock keeping units by 55%, resulting in positive efficiency gains and ensuring that we focus on an optimum product mix.

Overall we saw a good performance from our own and managed brands across the year. Our Seven Seas brand retained its position as the leader in the premium cane liquor market and as the main source of revenue growth for the Group in this segment. The recently launched brand, Lazy Dodo, developed in a joint-venture with French partners, had a solid year, helping to increase our overall sales potential. To broaden our portfolio of premium aged rum, we have continued to develop the ageing process and our cellars, with the aim of maximising value in this segment. We saw steady growth in our imported whisky and wine offerings, as well as positive results from our diversification strategy, with our recently launched M.A.C. cosmetics business delivering particularly encouraging performance.

Distribution: Consolidating relationships

A cornerstone of our success has been our ability to exercise control over the value chain, by reaching out to the end consumer through our distribution activities. The launch and expansion of our 20/Vin network of stores has supported this strategy in the wines and spirits market. In 2017, we opened a new 20/Vin store, bringing the number of stores we operate to nine.

Production: Driving improved HSEQ performance in the distillery

This year our distillery produced 6 million litres of rum and spirit, 75% of which is for the export market. A key challenge was the reduced allocation of molasses from the Mauritian Control and Arbitration Department (MCIA), with the result that we did not operate at full capacity for the year. We are making significant investments in 2018 to improve the operation of our distillery, including substantial investments in a new molasses storage tank and a new boiler, as well as further investment in energy-saving equipment. Full benefits will be tangible in 2019. We are investigating the feasibility of installing a new fermentation plant and are continuing to work towards securing the HSEQ certification of our distillery and brand activities.

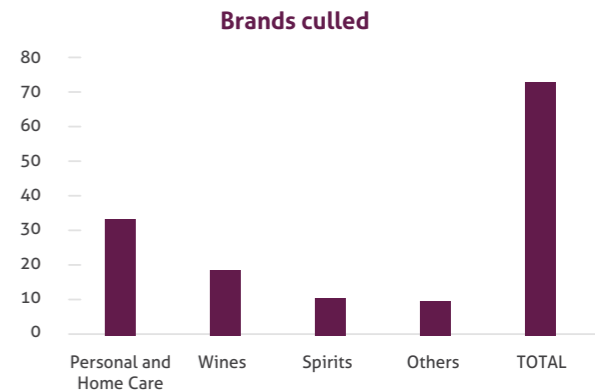
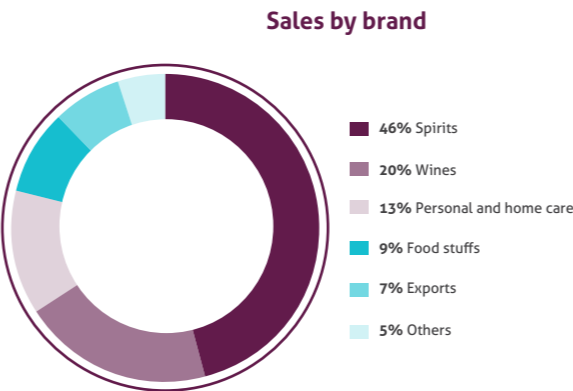
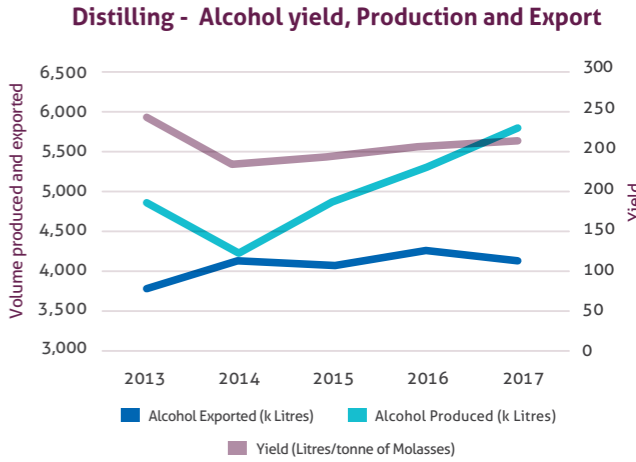
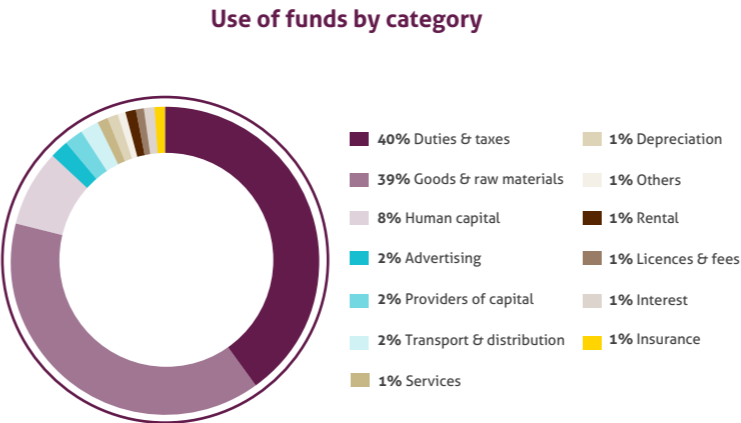
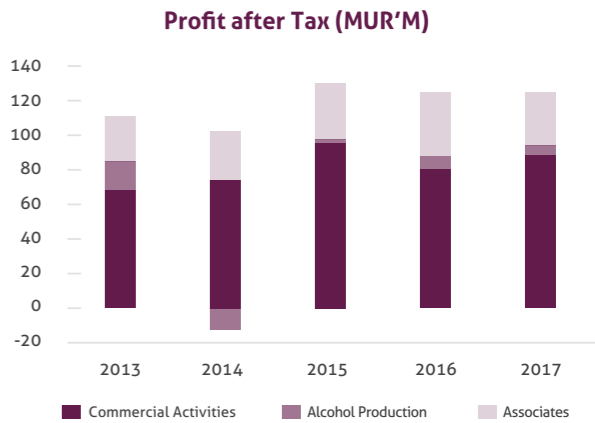
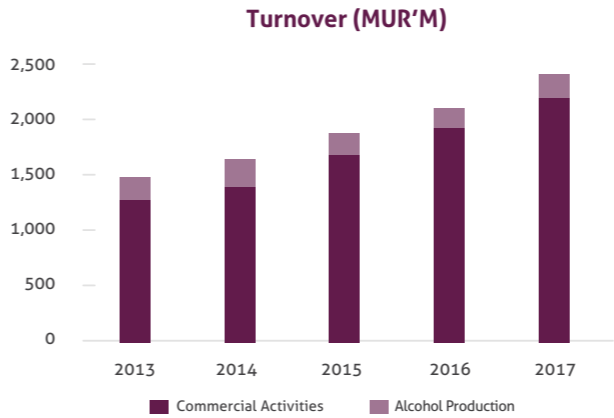
International operations: A year of mixed fortunes

Unfortunately our Uganda venture, which primarily distributes imported spirits and our own locally manufactured gin, has had another disappointing year. We are reassessing our activities in the country and considering various options for the way forward. We are making positive progress with our wine and spirits operation in the Seychelles, where we are looking to grow our retail business and make further inroads into the luxury hospitality sector, under the leadership of a new Managing Director.

Our strategic outlook

Our immediate strategic objectives are to simplify our business model, using the outcomes of our activity-based costing exercise to further streamline our brand offerings and ensure a better product mix that focuses on our high net-contribution activities. We will continue to identify opportunities to improve our distribution channels, lowering freight and handling costs, optimising store layout and securing other efficiencies across our supply chain. We will also be seeking to improve efficiencies in our recruitment and retention of committed sales and marketing personnel. For our international operations, we will be reviewing our Uganda business, and driving revenue growth in our Seychelles market.

Performance graphs



PROPERTY AND LEISURE

Our Property and Leisure business, operating as Novaterra, is a relatively new addition to the Group that is currently focusing on establishing an innovative property-development cluster between Port-Louis and the northern part of Mauritius. The cornerstone of this development will be the Beau Plan Smart City that aims to transform the Beau Plan region into a futuristic urban environment serving the North.

Our business model

Our Property and Leisure cluster looks to deliver increased value from the Group's existing land ownership in the North. Our core immediate focus is to grow value through our proposed Beau Plan Smart City development cluster. Strategically located with access to the activities and services of the Pamplemousses region – one of the most densely populated districts of Mauritius – the development benefits from ready access to major roads and public transport services. Occupying an area of 211.33 Ha, the site has been identified as a rural regeneration zone in the Government's National Development Strategy.






It is envisioned that the Smart City will become an important economic hub, creating thousands of employment opportunities, and providing an appealing commercial, residential, educational and leisure environment. The site, adjoining the villages of Pamplemousses and Bois Rouge, is being developed around the existing historical botanical garden, sugar museum and business park, which – with the recently established African Leadership College – is already drawing people to the area. The final development will include schools, retail outlets, office parks, residential offerings and recreational areas, as well as clinics, sports facilities, cultural activities and a university campus. The Smart City will be designed to integrate multiple digital connectivity solutions, encourage the uptake of renewable energy and facilitate a healthier lifestyle through the generous provision of non-motorised transport infrastructure and quality recreational spaces.

Delivering broader societal value

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

PROPERTY AND LEISURE

(cont'd)

CAPITAL	MATERIAL INPUTS (2017)		MATERIAL OUTCOMES (2017)
People 	73 employees		Injury rate: 2.73 Two new senior executives appointed
Manufactured 	Industrial	31,959 m ²	Improved occupancy rate by 3% during the year to reach 96.1%
	Office	11,079 m ²	
	Residential	22,620 m ²	
Natural 	454 hectares of land approved for development		Waste segregation to recycle paper, cardboard, plastic and cans at Beau Plan Business Park
Social 	Our business model depends on maintaining quality relationships with key stakeholders including: Government, tenants, project developers, financiers, neighbouring communities and the media		11.8% employee turnover rate MUR 2.4 million payment in taxes MUR 0.3 million of CSR contribution 100,000 persons visiting <i>L'Aventure du sucre</i>
Financial 	Creating Value: Realisation of non-strategic assets for reinvestment in adequately planned and designed project thus widening yielding based assets Capital expenditure MUR 60.2 million Investment in infrastructure and improvement (in progress): MUR 49.3 million Investment in associate - Beau Plan Campus Ltd (Education project): MUR 100.6 million (out of which MUR 57 million for land capitalised in 2016)		Turnover: MUR 170.7 million (33.2% increase) Profit: MUR 103.7 million (240% increase)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Regulatory and policy framework – Changes in Government policies and regulations relating to property development, as well as any delays in obtaining approvals and other Government permits, could impact on the execution of our business model.	We place a high priority on building and maintaining good relations with Government and regulatory authorities and keeping well informed of any current and proposed regulatory and policy changes. We have secured a letter of intent from the Board of Investment for the Beau Plan Smart City, and are developing diversified service to minimise any negative impact resulting from changes in Government strategies.
The changing competitive and business environment – There is always a possibility that certain property developments remain unoccupied, resulting in loss of revenue and reduced return on investment.	We are ensuring the timely implementation of a mix of facilities to provide a compelling proposition for entrepreneurs to develop or relocate their business. Appropriate in-house resources are in place to drive effective project marketing.
Non-delivery by service providers – Any failure by service providers to complete their obligations on time reduces our ability to deliver the full potential of our developments in a timely and cost-efficient manner.	Rigorous screening processes are in place prior to contracting third party service providers, with provision for appropriate contractual remedies should the service provider underperform. We undertake regular quality controls during the construction phase to track delivery against the approved program of works and we ensure service providers are properly insured.

PROPERTY AND LEISURE

Our 2017 performance

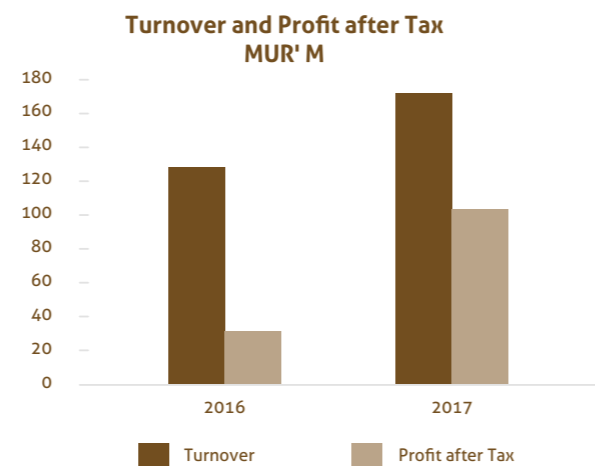
This year we completed the appointment of our core leadership team, with the successful recruitment of two new executives during the year. The full team is now constituted to provide services across our five departments: project development and finance; land management; property and asset management; sales and marketing; and project management. In making these appointments we have placed a strong emphasis on ensuring a diverse set of skills and experience, with the aim of instilling greater creativity.

Having finalised the recruitment of a high-profile team of property development and management professionals, we have started to drive implementation of our strategy: to develop investment properties in well-located sites to create and unlock value of the Group's land holdings. This has been a fair first full year in operation. We met our budget for the year, and our rental income for the period reached MUR 78.0 million as compared to MUR 56.0 million achieved in 2016 (+40%). Our profit after tax amounted to MUR 103.7 million. A key achievement has been to obtain the letter of intent for the proposed Beau Plan Smart City development, as well as securing conversion permits for strategically located land.

We have developed a detailed plan for the sale of non-strategic land, with the aim of securing additional finance for our property development investments, which in turn will boost the value of remaining property portfolio. We successfully launched and sold two key projects. As part of the phased roll-out of the Smart City development, we have continued to identify and engage with potential partners and anchor tenants, and have already secured the commitment of some important tenants. During the year we also completed a consultative corporate identity and branding exercise.

Notwithstanding these very encouraging developments, there have been some challenges over the year. Unexpected delays by a contractor meant that we were unfortunately not able to hand over the new campus to the African Leadership College in December 2017 as promised. We have managed the implications of this delay with the latter and formally handed over the new campus facilities to them in April 2018.

One of Terra's subsidiaries within the Property and Leisure cluster is Sugarworld Ltd. Operating under the brand name *L'Aventure du Sucre* it runs a museum showcasing the history of sugar operations in Mauritius. This year it posted a turnover of MUR 93.2 million and a profit after tax of MUR 12.0 million, up 10% from 2016.



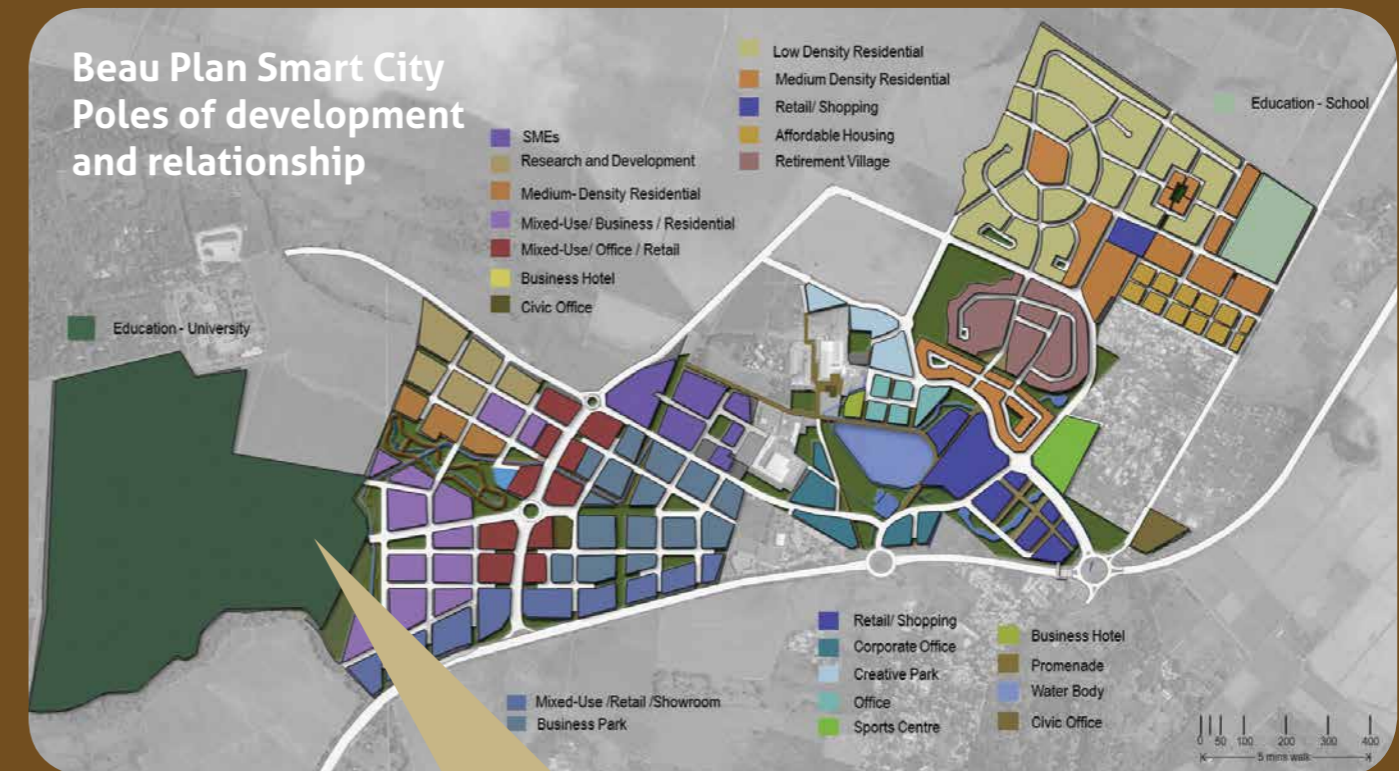
Our strategic outlook

Our principal focus for the year ahead will be to give momentum to the Beau Plan Smart City development. In addition to obtaining some of the key required certificates and permits, we will be commencing infrastructure work on 'Le Hameau' development and the construction of the first phase of Greencoast Primary School. The planning and design processes are well under way for our retail and office developments. In driving these developments we will be seeking, where possible to rationalise costs and investing in GIS systems to ensure efficient land management. We will also continue our process of selling non-strategic agricultural land to raise cash to finance infrastructure.

Over the longer-term we plan to develop a 200-hectare lifestyle estate on the coast, with an 18-hole golf course and villas with beach access, which will fully complement our Smart City offering at Beau Plan.

PROPERTY AND LEISURE

(cont'd)



The new African Leadership College campus



Finance

SWAN General Ltd is the leading general insurance and life assurance company and financial solutions provider in Mauritius. It provides a full range of insurance and financial solutions, from short-term and long-term insurance, retirement plans, to wealth management and stockbroking for corporate clients and individual customers.

Terra Finance Ltd offers advice and assistance to Terra's subsidiaries on cash management, and on the negotiation of short and long term funding. The company is authorised to invest liquidities among the various subsidiaries, manage their foreign currencies and their exposure to currency and interest rate risks by using hedging tools.

AceTer Global Ltd is a management company incorporated in Mauritius and licensed by the Financial Services Commission that provides services on structuring and managing the business and wealth of its clients. Its client base includes high net worth individuals, family businesses, brokers, and start-ups.

Inside Capital Partners Ltd is an independent private equity manager seeking to invest through equity in strong potential opportunities in selected Southeast African countries. It is a limited company domiciled in Mauritius and also has an office in Lusaka, Zambia.

Inside Equity Fund provides risk capital to SMEs in selected countries in the Southern and Eastern Regions of Africa. The fund is focused on providing equity or equity-related instruments to SMEs with a good potential for growth, set up by entrepreneurs that could use support in order to professionalise and improve operations.

Construction

Terrarock Ltd, incorporated in 1990 further to Terra's policy of field de-rocking, is involved in the manufacturing and sale of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd, the strategic partner of Terrarock.

Terra owns 35.49% of **Rehm Grinaker Construction Co Ltd**, a construction company set up in partnership with Aveng Grinaker LTA South Africa, one of the largest construction companies in South Africa. Today, Rehm Grinaker is among the leading construction companies in Mauritius, involved in industrial, commercial, high-end hospitality and leisure projects, as well as in civil and infrastructure works. The company has gained recognition on a wide range of projects in building and civil engineering, conventional contracts and design-build.

Revenue MUR'M	Profit/(Loss) MUR'M	% effective holding
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Other investments

Harel Mallac & Co Ltd (HMC) is a publicly quoted conglomerate mainly involved in the following business segments: Chemicals, Technology, Engineering, Distribution, Services and Property. Terra holds directly and through holding entities 26.1% of HMC's capital but is not represented on HMC's Board and does not exercise significant influence on the company.

Terra owns 50% of **Horus Ltée**, a company that has an 18% stake in United Docks Ltd, a company listed on the Stock Exchange of Mauritius and holding property in the Port Louis harbour zone.

In November 2014, Terra acquired some 27% of **Terravest Limited**, a company that is active in development in East Africa, selling plastic equipment such as water tanks, mobile toilets, gas producing biomass digesters and septic tanks.

Terra holds 50% of **Commada Ltd**, a holding company, which acquired in March 2010 an effective stake of 5% in Orange Madagascar whose controlling shareholder, via Telsea, is Atlas Countries Support SA. This acquisition was made in partnership with a local private equity fund with a total stake of 10%.

In 2009, Terra Brands Ltd invested into **Topterra Ltd**, a 50:50 joint venture with Island Renewable Fertilisers Ltd, which produces a liquid fertilizer known as Concentrated Molasses Stillage (CMS) from *vinasse*, itself a residue from distillation.

Terra owns some 42% interest in **Alcohol & Molasses Export Ltd** (AMCO) a company specialized in procurement and logistics for the sugar industry. In addition to the traditional storage and distribution of molasses, AMCO also manages the Coal Terminal (Management) Co Ltd, whose responsibilities include the procurement, transport, storage and distribution of coal for the power plants of the sugar industry and the needs of the country. As from beginning of 2018, AMCO is also driving an aggressive procurement strategy to support its shareholders in their quest to lower their cost of inputs in the production of sugar.

United Investments Ltd (UIL) is a holding company with investments in various sectors of the Mauritian economy. In late December 2013, Terra acquired 29.03% of UIL's capital, in line with the Group's policy at the time, which aimed at diversifying its activities outside its core competencies.

Revenue MUR'M	Profit/(Loss) MUR'M	% effective holding
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GROUP-LEVEL Functions

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

Investing in our people

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

Attracting, retaining and developing talent

Following the recent restructuring of the Group into an autonomous set of clusters, we have been placing strong emphasis on recruiting new skills. In addition to filling new positions in financial management and accounting across most of the clusters, talent acquisition has been a particular priority in the recently established Property and Leisure cluster, where we have appointed three executive positions and seven senior management positions in the past two years. In the Cane cluster, we have completed a comprehensive review of current and proposed positions, and are identifying opportunities to further strengthen the team. In the Brands cluster, our recruitments have focused on bringing in necessary skills aligned with the division’s growth plans in its retail operations, as well as ensuring effective succession planning and skills retention given the higher turnover levels associated with the retail sector.

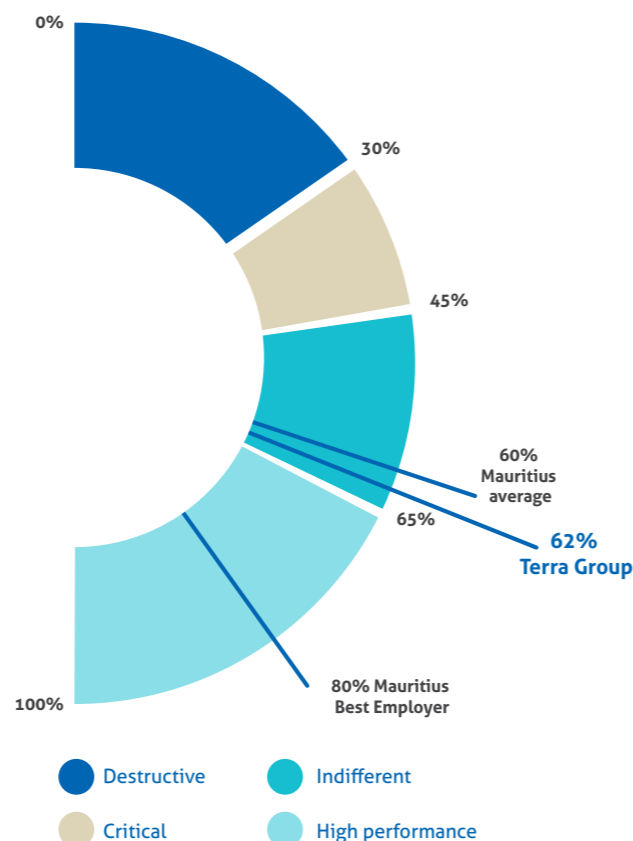
Between 2015 and 2016, 60 managers and 101 supervisory-level employees participated in dedicated leadership development programmes, aimed at further developing team management and leadership skills. In 2017, the 60 managers were each given the opportunity to participate in a program whereby four external Executive Coaches were selected to give them individual coaching.

Developing a performance-based culture

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

Engaging our employees

We run annual engagement surveys with our employees to monitor employee engagement and to assess the ability of staff to successfully deliver according to the Group’s strategic plan. The results from the 2017 survey showed a 62% engagement level, slightly down from the 65% score achieved in 2016. Focus groups will be held at the level of each subsidiary in 2018 to work on the key improvement and engagement sustenance drivers to bring Terra to a high performance culture.



Health and Safety

The Group has a continual improvement approach to providing a healthy and safe working environment for all our employees, sub-contractors and visitors. Various initiatives were undertaken during the year at each of our existing core operations:

- **Cane:** At Terra Milling Ltd we placed particular emphasis this year on improving our OHS management system, with the goal of achieving OHSAS 18001 certification in 2018. We reviewed the overall risk assessment processes, invested substantially in training and development of employees, and undertook an internal audit that helped to identify keys strengths and improvement areas. At Terragri Ltd a strong focus was placed this year on upgrading the welfare accommodation for employees, improving the provision of first aid facilities, training first aiders and reinstating health surveillance programmes. Safe system of work procedures have been designed for the cane treatment plant, supported by targeted employee training and awareness initiatives. Terra deeply regrets to report a fatal accident which occurred in the agricultural entity. One of our experienced operators was fatally injured in an accident involving a Bell loader on 02 October 2017. The employee was taken to the Sir Seewoosagur Ramgoolam National Hospital, where he unfortunately died after a few days. An independent investigation on the causes of the accident has been completed and remedial actions were taken to prevent such accidents in the future.

- **Brands:** At Grays Inc. and Grays Distilling Ltd, a task-based approach was used to evaluate the risks of their activities. This gave the management team an overview of the critical risks and their control measures. With regard to fire safety, the teams concerned in both companies attended a refresher course. Fire drills were organised to make people aware of their roles during a fire occurrence, as well as to improve the existing fire safety system. As part of its health surveillance programme, all the employees of the distillery had audiometric examination. Moreover, a noise survey was carried out at Grays Inc. to mitigate noise-related risks.

- **Power:** Terragen registered a serious injury with 40 lost work days in January 2017, but no serious occupational accident has been registered since then. The gas suppression system for fire safety, which was under commissioning during 2016, became fully operational in 2017, and health and safety leadership training was provided to the management team. For 2018, Terragen has planned the implementation of dust suppression system on its coal handling system, the fencing of its effluent pond, the covering of one major dust emitting *bagasse* conveyor, the renovation of its first-aid room,

as well as training in fire safety and fire fighting, electrical safety, first-aid, safety in scaffold erection and dismantling and work at height.

	Cane	Power	Brands	Property and Leisure
Number of injuries with lost day > 24h	77	1	29	2
Injury rate	29.0	9.58	21.1	6.03
Lost day rate	0.29	0.38	0.16	0.02

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

Protecting labour rights

Terra strives for full compliance with all relevant labour legislation, and ensures that all Terra employees are adequately remunerated and are provided with a respectful working environment that is free from inappropriate or unprofessional behaviour, including any form of harassment or discrimination. Terra recognises the right of every employee to the freedom of association. In the Cane cluster, 96% of workers are unionised with six different unions; sector workers are also regulated by sugar industry remuneration orders that set the minimum wages and conditions of employment for various categories of workers.

Until recently, collective bargaining and employment relations in the sector have been governed by collective agreements through the Joint Negotiating Panel (a consortium of trade unions) and the Mauritius Sugar Producers’ Association (MSPA). The MSPA was dissolved in 2016 and the existing collective agreement expired in December 2017. During 2018, Terra management will be negotiating directly with the unions’ representatives. We also strive to continue to work in collaboration with duly chosen employee representatives in our non-sugar businesses, through our workers’ councils at Terragri, Terra Milling and Grays Inc., and to maintain our commitment to an open-door policy, with a view to facilitating a climate conducive for employees to voice their concerns.

Outlook

In 2018, we will be focusing on the following priority areas:

- In the Cane cluster, we will be placing particular emphasis on assisting in the 2018 wage negotiations, as well as retaining a strong focus on driving the culture change process across the operation

GROUP-LEVEL Functions (cont'd)

- We will continue to work closely with the Brands cluster to identify opportunities for improved efficiencies in recruitment processes
- With most of the executive and management team now in place in Property and Leisure, our focus will be on further strengthening the team
- We will be implementing a more detailed dashboard that will allow us to track the Group's performance of key human resource parameters, as well as developing an employee handbook aimed at ensuring a consistent approach across the Group
- Further amendments will be made to the executive remuneration schemes across the Group, ensuring that the right metrics and short-term and long-term incentives are in place to accurately assess and reward performance.

Minimising our environmental impacts

Given that many of our core business activities rely heavily on natural resources – such as access to water, energy, serviceable land and sugarcane – we recognise the strategic importance of managing our environmental impacts. To a large extent the Group's business model reflects the principles of a closed-loop circular economy, with many of the by-products of a given operation's activities serving as an input to another's (see the Group business model on pages 8 and 9).

Through our structured HSEQ (health, safety, environment, quality) management systems and our commitment to reporting against the GRI's Sustainability Reporting Standards, we facilitate knowledge transfer across the Group with the aim of enhancing the environmental performance of each of the various entities. Our primary environmental management objectives are to:

- Encourage the reuse of by-products
- Monitor and optimise water consumption
- Optimise energy generation and consumption
- Improve our effluent and waste management
- Continuously enhance the quality of our products and services.

Our most material environmental impacts include:

- The consumption of water at Terragri Ltd (Agriculture) and Terragen Ltd: Given the water-stressed nature of Mauritius, we have ongoing measures in place to optimise our water consumption and ensure better utilisation of effluents for the irrigation of sugarcane fields.
- Energy consumption (steam and electricity) at Terra Milling: This energy is supplied by Terragen Ltd, which contributes to around 16% of national energy consumption; the increasing integration of sugarcane trash into the fuel mix, since 2015, is reducing coal consumption and prolonging our biomass utilisation period annually.
- Scope 1 greenhouse gases emissions, generated mostly by Terragen Ltd: We are seeking to minimise these emissions and reduce the use of coal by increasing the use of sugarcane trash in the energy mix; 37% of Terragen's emissions are accounted as biogenic, which means that the gases are absorbed by the sugarcane plants in the closed carbon cycle.
- Liquid effluents and waste management across the Group: We continue to encourage the adoption of good practices across our operations, seeking opportunities to reuse by-products as inputs in other Group processes, to direct non-reusable wastes to appropriate disposal facilities, and to optimise liquid effluent.

We continue to work with industry associations and Government authorities to assist us in managing our environmental impacts. In 2017, for example, with the support of Business Mauritius and AFD (the French Development Agency), Terragri Ltd (Agriculture) conducted an energy audit of its pumping system. We also engaged in a national public-private exchange forum on the revision of regulations on effluent discharge, where Terra raised its concerns with regard to effluent management for some of its entities.

During 2017, there were no cases of non-compliance within the Group on legal matters regarding the environment. Our commitment to minimising our environmental impacts is reflected by the fact that Terra has been listed on the Stock Exchange of Mauritius' Sustainability Index (SEMSI) since 2015.

Detailed information on the environmental performance of the various Terra entities is provided in the separate online Sustainability Report 2017.

Our 2017 environmental performance



Outlook

In 2018 the focus will be on:

- Developing an environmental and health and safety policy at Group level, with the objective of sharing and transferring of good practices across the clusters
- Improving on waste management practices
- Securing HSEQ certification of Grays Inc. and Grays Distilling, which will have a direct impact on their environmental performance
- Improving on effluent management through the extension of its irrigation network by Terragri (Agriculture) to optimise the use of effluents.

Terra Foundation: Supporting neighbouring communities

Terra’s commitment to driving economic and social development in the North is reflected not only in the significant value-added that is created across the region through our core business activities, but also through the Group’s specific focus on support to neighbouring communities through its Corporate Social Responsibility (CSR) programme.

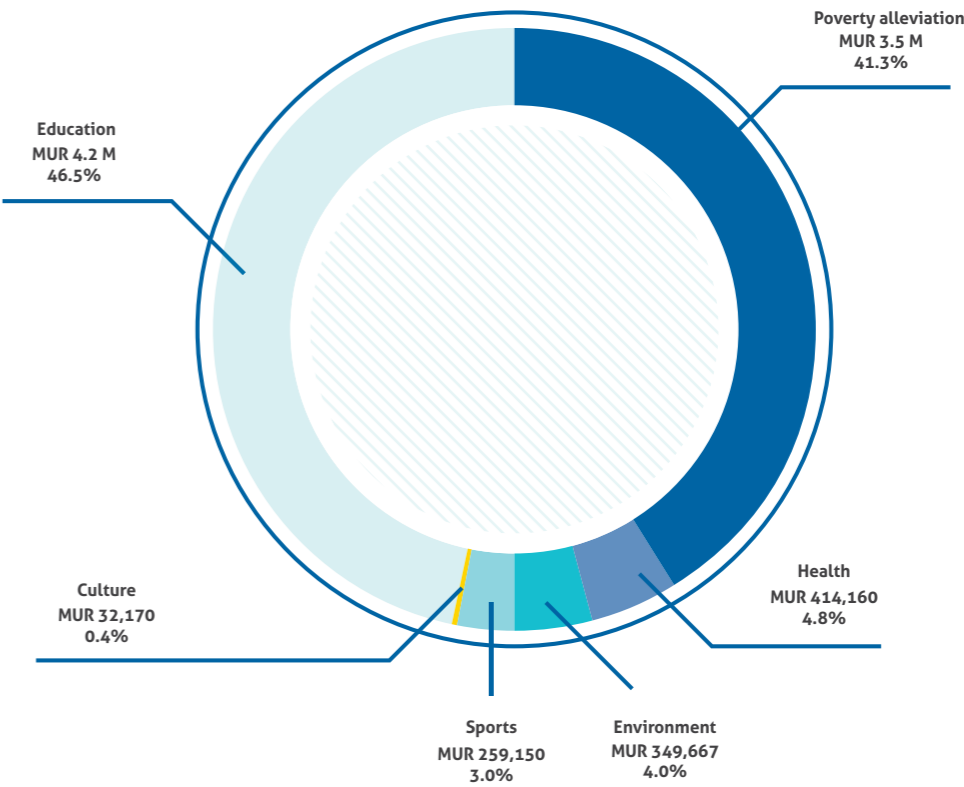
Terra Foundation was established in December 2009 to ensure enhanced coordination and sustainability of the Group’s CSR initiative. Led by the Group CSR Manager under the stewardship of the CSR committee, the foundation seeks to promote community development at regional and national level, in line with Government’s CSR guidelines and the foundation’s own CSR terms of reference. The foundation’s primary focus is allocating the legislated 2% of book profits to support approved projects set up in the geographical areas around Terra’s Beau Plan and Belle Vue operations. An important aim of our support is to assist the local communities to fully tap the potential benefits associated with the opportunities that should arise from the development of our smart city in Beau Plan.

Our 2017 performance

This year Terra Foundation’s budget of MUR 8.6 million (net of administrative expenses) was invested in supporting 77 projects and 4,027 beneficiaries, in the following specific areas:

- **Education and training** – including sponsoring the building of two remedial classes for a school in a priority education zone, continuing our support for an NGO caring for autistic students, and providing university fees for two vulnerable students from Rodrigues.
- **Poverty alleviation** – initiatives included supporting the work of an NGO to protect vulnerable children in a high-poverty area, training unemployed women in the business of recycling newspaper into paper bags, sponsoring a day care centre and associated initiatives for vulnerable children and providing daily meal support for vulnerable students in Mauritius and Rodrigues.
- **Health care** – assisting vulnerable children to have access to quality health services and sponsoring the development of medical materials and therapy camps enabling them to improve the daily management of their disease.
- **Environment** – sponsoring initiatives to protect the Mauritian Echo Parakeet (an endangered endemic bird of Mauritius) and to promote pesticide-free/organic planting of vegetables.
- **Sports** – supporting the development of a cycling academy for vulnerable youths and of badminton athletes from low income families in the North.
- **Heritage and Culture** – sponsoring the participation of children and adults in a cultural and musical festival, and in various workshops and visits to *L’Aventure du Sucre*, Terra’s sugar museum.

Sponsorship by areas of intervention



Further details are available in the online Sustainability Report 2017.

Outlook

In his 2017 budget speech, the Minister of Finance announced changes to the Mauritian CSR legislation, in terms of which, as from July 2017, 50% of companies’ CSR contributions are to be given to the Mauritius Revenue Authority for transfer to the National CSR Foundation where the funds will be redistributed to projects in line with the Government’s national priorities for social development. This will have a significant impact on Terra Foundation’s existing commitments to its current partners. In response to this development, we are looking to actively involve potential project beneficiaries in the design and decision-making of our CSR investments, to ensure that priority community development needs are most effectively addressed. We will also be encouraging increased participation of the Group’s management and employees to share their knowledge, expertise and resources, as well as catalysing local entrepreneurship opportunities through targeted group procurement initiatives.



GOVERNANCE

Our LEADERSHIP

BOARD OF
Directors



1 Alain Rey (58)

Non-Executive Chairman – First appointed to the Board 2016
BSc (Hons) in Economics (London)
Member of the Institute of Chartered Accountants in England and Wales



Manager at Citibank NA (Paris): 1986-1988
Financial Director and General Manager in the Mauritian textile industry: 1988-2005
Regional Corporate Director at Barclays Bank in Mauritius: 2005-2006
Chief Executive Officer of Compagnie Sucrière de Mont Choisy: 2007-2015
Board member at Afrasia Bank: 2006-2009 and at The State Bank of Mauritius: 2009-2015
Current outside directorships of listed and non-listed companies:
• CIEL Textile Ltd
• MCB Group Ltd
• New Mauritius Hotels Ltd
• Quantum Ltd
• Precigraph Ltée
• MCB Microfinance Ltd

2 Maurice de Marassé Enouf (72)

Non-Executive Director – First appointed to the Board 2007
Former member of the Association of Chartered Certified Accountants (UK)
Former member of the Mauritius Institute of Professional Accountants



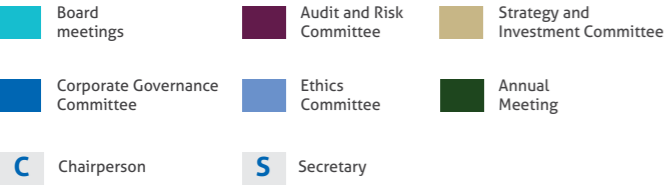
Senior Audit Clerk at De Chazal Du Mée (Chartered Accountants): 1963-1972
Group Internal Audit Manager at Flacq United Estates: 1973-1982
Group Accountant for Medine S.E: 1983-1984
Chief Accountant and Finance Manager of the WEAL Group: 1984-2001
Self-employed since 2002
Directorships of listed companies:
• Innodis Ltd
• Mauritius Oil Refineries Ltd

3 Dominique de Froberville (58)

Non-Executive Director – First appointed to the Board 2003 and reappointed in 2010
Maîtrise en Chimie Industrielle (France), MBA (England)



Production Manager in the paint and optical industries: 1985-1988
Manager of two textile groups: 1988-2000
Director of Operations and then Chief Executive Officer at Mauritius Freeport Development: 2001 to date.
Former council member of the Mauritius Employers Federation and member of the Mauritius Exporters Association.



4 Alexis Harel (55)

Executive Director – First appointed to the Board 1999
BSc, Business Administration (USA)



Auditor and Trainer at De Chazal Du Mée (Chartered Accountants): 1985-1986
General Manager at Elastico Ltd: 1986-1988
Director at Dataphon (Mtius) Ltd: 1988-1992
Commercial Executive and then Managing Director at Grays: 1992 to date.
Member of Terra’s Executive Committee.
Directorships of listed companies:
• United Docks Ltd

5 Didier Harel (65)

Independent Non-Executive Director – First appointed to the Board 2016
MBA, INSEAD (Institut Européen d’Administration des Affaires) (France)
BSc. Eng. (Hons) in Chemical Engineering and Chemical Technology (UK)



From Sales Engineer to International Sales and Supply Coordinator at Esso in Mauritius, Reunion and UK: 1974-1988
Managing Director of downstream subsidiaries of Total in Southern Africa and in the UK, Executive Vice-President in charge of Total’s downstream operations in East Africa, Indian and Pacific Oceans and Executive Director of Logistics of Total France: 1989-2012
Chairman and CEO of Société Anonyme de Gestion des Stocks Stratégiques (SAGESS): 2012-2015
Directorships of listed companies:
• MCB Group Limited
• Sun Ltd

6 Henri Harel (57)

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



Auditor at De Ravel, Boulle, Saad & Wyman (Chartered Accountants): 1981-1984
Internal Auditor at Toyota SA Manufacturing: 1984-1988
Financial Accountant at Amalgamated Beverage Industries (Coca-Cola South Africa): 1988-1990
Financial Controller at Société de Gérance de Mon Loisir: 1991-1996
Financial Controller and then Group Chief Finance Officer and Executive Committee member at Terra: 1997 to date.
Member of Terra’s Executive Committee.
Directorships of listed companies:
• Swan General Ltd

7 Hubert Harel (53)

Non-Executive Director – First appointed to the Board 2012
National Diploma in Management, Technikon, Natal (South Africa)



Managerial positions in the textile industry in South Africa and Mauritius: 1988-2005
Managing Director of Standard Labels Ltd: 2005 to date.
Director of The Mount Sugar Estates Company Ltd: 2008-2010
Currently serves as director on several domestic and offshore company boards.

8 Nicolas Maigrot (49)

Managing Director – First appointed to the Board 2016
BSc Management Sciences (London)



From Management Controller to Chief Executive Officer at Floreal Knitwear and Ciel Textile: 1989-2010
Chief Executive Officer of Ireland Blyth: 2010-2015
Managing Director of Terra: 2016 to date.
Chairman of Terra’s Executive Committee.
Directorships of listed companies:
• Swan General Ltd
• United Docks Ltd

9 Nikhil Treebhoo hun (63)

Independent Non-Executive Director – First appointed to the Board 2014
BSc (Hons) Economics, Industry and Trade (London)
Postgraduate Diplomas in Financial Management (Australia) and in Development Planning Techniques (Netherlands)
Fellow of the World Academy of Productivity Science



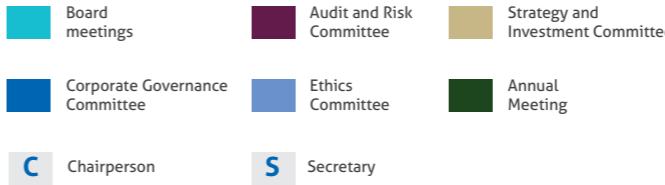
Teacher in Economics at secondary level: 1978-1981
Senior positions at Ministry of Economic Planning and Development and Ministry of Industry: 1981-1987
Lecturer in Economics at the University of Mauritius: 1987-1989
Projects Manager at the Industrial and Vocational Training Board: 1989-1992
Director of the Export Processing Zone Development Authority: 1992-2000
Executive Director of the National Productivity and Competitiveness Council (NPCC): 2000-2005
Adviser and Head of the Trade Section of the Commonwealth Secretariat: 2005-2011
Chairman of Oxford International Consultants (Mauritius): 2011
Chief Executive Officer of Global Finance Mauritius: 2011-2014
Directorships of listed companies:
• National Investment Trust Ltd

10 Alain Vallet (63)

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



Manager at Hamarel Distribution Ltd: 1979-1982
From Marketing Executive for wine and spirits to Chief Executive Officer at Grays: 1982-1992
Managing Director at Grays and member of the Executive Committee of Terra: 1993-2016
Served with a number of private sector institutions, such as the Mauritius Chamber of Commerce and Industry, the Association of Mauritian Manufacturers and the Mauritius Employers Federation.



11 Margaret Chui Puing Wong Ping Lun (64)

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



Manager of the Consultancy Department of De Chazal Du Mée, Chartered Accountants: 1985-1990
Lecturer in Accounting and Finance at the University of Mauritius: 1991 to date
She was a member of the Listing Executive Committee of the Stock Exchange of Mauritius.
Directorship of listed companies:
MCB Group Limited

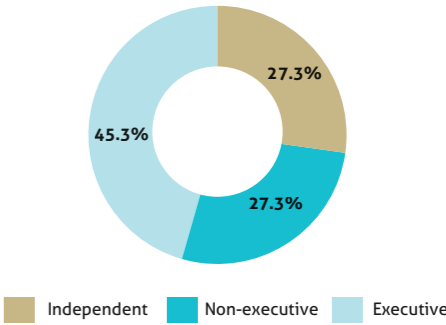
A Louis Denis Koenig (51)

Administrative Executive and Managing Director of Terra Services Ltd, Company Secretary
Maîtrise ès Sciences Economiques (Economie d’Entreprise)
Diplôme d’Etudes Supérieures Spécialisées in Finance (France)

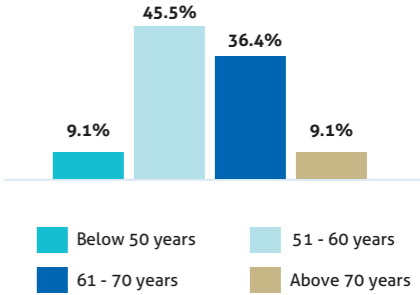


Statistician at the Anglo-Mauritius Assurance Society: 1989-1990
Assistant Secretary and then Administrative Executive at Terra: 1990 to date
Dealer’s Representative at Cavell Securities Ltd and member of The Stock Exchange of Mauritius instances: 1992-2006
Fellow of the Mauritius Institute of Directors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

Composition of the Board of directors



Age pyramid of the Board of directors



Our LEADERSHIP

(Cont'd)

MANAGEMENT
Team |



Our LEADERSHIP

(Cont'd)

MANAGEMENT
Team



B Marie-Annick Auguste (47)

CSR Manager (Terra Foundation)
BA in Psychology and Communication (South Africa)

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

C Jocelyn de Chasteauneuf (43)

Finance Director (Brands)
BA (Hons) Accounting and Finance – London (UK)
Member of the Association of Chartered Management Accountants (UK)

Jocelyn de Chasteauneuf started his career as Accountant in London and has been thereafter the Cost Accountant of a Mauritian manufacturing company. He was employed as Finance Manager of the brand cluster of the Group in 2001 and is presently its Finance Director.

D Joël Couve de Murville (42)

Senior Manager – Sales and Marketing (Property and Leisure)
Bcom in Management and Industrial Psychology (South Africa)

Joël Couve de Murville started his career in 1998 in the Mauritian textile industry after his studies in South Africa. He first spent a couple of years managing the planning at Tee Sun Ltd. He joined Floreal Knitwear as Sales Manager in 2001 before being appointed UK Office Manager, based in London, from 2003 to 2010. He then came back to Mauritius as Marketing Manager for Floreal Knitwear. In July 2017, he joined the Group as Senior Manager – Marketing and Sales.

E Bernard Desvaux de Marigny (60)

General Manager: Land Management (Property and Leisure)
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 Desmarais-Desvaux, Arpenteurs partnership, which he co-managed until 2001, when he joined the Group as General Manager of Sagiterre. He is now responsible for the land management at Novaterra.

F Jean-Philippe Desvaux de Marigny (35)

Senior Manager – Project Development and Finance (Property and Leisure)
Diplôme d'Etude Supérieures Comptables et Financières (France)
Fellow Member of the Association of Chartered Certified Accountants (UK)

Jean-Philippe Desvaux de Marigny started his career at BDO De Chazal Du Mée in the Corporate Finance Department and was the Finance Manager of Robert Le Maire (RLM) from 2009 to 2012. Further to the acquisition of RLM by Ireland Blyth (IBL) in 2012, he joined the commerce cluster of IBL as Finance and Administrative Manager before being appointed Chief Executive Officer of Mauritian Eagle Leasing Company in July 2014. He joined the Group in May 2016.

G Nicolas Eynaud (50)

Real Estate Development Executive (Property and Leisure)
National Diploma in Land Surveying (South Africa)

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

H Jean-Michel Gérard (59)

Plant Manager (Power)

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. As such, he participated in the setting up of Compagnie Thermique du Gol in Reunion Island, 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.

I Patrice Gourel de St Pern (59)

Plant Manager (Grays Distilling)
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. 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.

J Edwige Gufflet (49)

Managing Director (L'Aventure du Sucre)
Maitrise ès Sciences Economiques (France), MBA (USA)

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

K John Laguette (38)

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

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

L Steeve Lareine (53)

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

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

M Sébastien Mamet (42)

General Manager (Agriculture)
Chartered Accountant (UK)

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

N Noufail Manjoo (47)

Managing Director (AceTer Global)
Fellow Chartered Certified Accountant (UK)

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

O Iqra Mosaheb (41)

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

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

P Christopher Park (35)

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

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

Q Ajay Parsan (54)

Factory Manager (Terra Milling)
Diploma in Mechanical and Electrical Engineering
Diploma in Occupational and Safety Management
Member of the International Society of Sugar Cane Technologists

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

R Julien Rousset (36)

Head (Strategic development function)
MSc in Management (France)

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

S Joël Villeneuve Anaudin (48)

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

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

MANAGEMENT Information

Executive Committee	
Nicolas Maigrot	Managing Director
Nicolas Eynaud	Real Estate Development Executive
Alexis Harel	Executive Director
Henri Harel	Group Chief Finance Officer
Louis Denis Koenig *	Administrative Executive
Sébastien Mamet	General Manager (Agriculture)
Julien Rousset	Senior Manager – Project Development
* Also serves as Secretary to the Committee	
Profiles of Executive Committee members are set out on pages 46,47,52 and 53.	
Accounts	
Steeve Lareine	Group Finance Manager
Human Resources	
Christopher Park	Group HR Manager
Information Technology	
John Laguette	Chief Information Officer
Legal	
Iqra Mosaheb	Group Legal Adviser
Corporate Social Responsibility	
Marie-Annick Auguste	CSR Manager
Cane	
Sébastien Mamet	General Manager
Ajay Parsan	Factory Manager

Power	
Terragen Management Ltd	Managers
Jean-Michel Gérard	Plant Manager
Brands	
Bottling and distribution	
Alexis Harel	Managing Director
Jocelyn de Chasteauneuf	Finance Director
Distillery	
Patrice Gourel de St Pern	Plant Manager
Property and Leisure	
Nicolas Eynaud	Real Estate Development Executive
Bernard Desvaux de Marigny	General Manager – Land Management
Jean-Philippe Desvaux de Marigny	Senior Manager – Project Development and Finance
Joël Couve de Murville	Senior Manager – Sales and Marketing
Edwige Gufflet	Managing Director (Sugarworld Ltd)
Stone Crushing and Block Making	
The United Basalt Products Limited	Managers
Offshore Management	
Noufail Manjoo	Managing Director
Treasury Management	
Joël Villeneuve Anaudin	General Manager
Profiles of Managers are set out on pages 52 and 53.	

CORPORATE GOVERNANCE Report

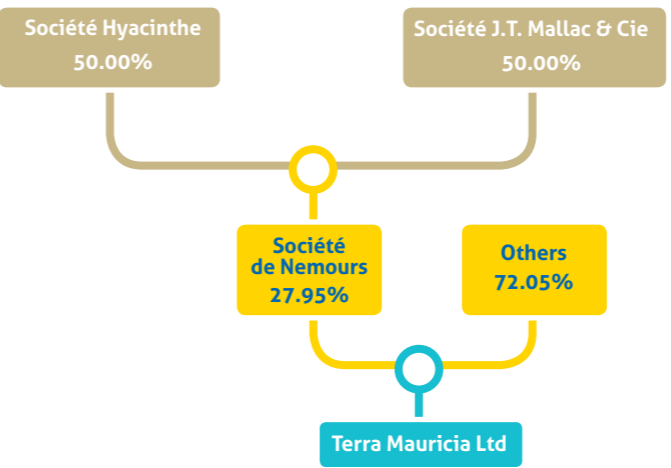
Statement of Compliance

The Report on Corporate Governance for Mauritius, published in 2003, provides that all public interest entities must comply with the provisions of the Code of Corporate Governance (the Code). The Board is aware of its legal duties and 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. The Board considers that the Group has complied in all material respects with the provisions of the Code for the reporting year ended 31 December 2017, except as specifically stated in this report.

The Group has already started to apply some of the principles and recommended disclosures contained in the new National Code for Corporate Governance 2016, and has developed an action plan to apply it fully by the end of 2018. Explanations will be given in respect of any deviation from the recommendations of this new code.

Holding Structure

As at 31 December 2017, the holding structure of Terra Mauricia Ltd (Terra) was as follows:



Group Structure

The Group structure is provided on page 147. The creation of new structures within the Group is generally discussed at the level of the Executive Committee (as defined on page 54) and the Strategy and Investment Committee, before being submitted to the relevant Board’s approval. Information is exchanged within the Group through the Executive Committee, as well as the various management committees that have been set up for each cluster. The Group’s risks are managed by each General Manager, each of whom has signed an acknowledgement in that respect. These risks are monitored by the Group Risk Champion through a risk management framework and a risk register, under the supervision of the Audit and Risk Committee.

Substantial Shareholders

As at 29 March 2018, the following shareholders were directly or indirectly beneficially interested in 5% or more in the share capital of Terra:

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

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

Common Directors

As at 31 December 2017, the following directors were common to Terra and the Group’s holding entities:

Directors of the Company	DIRECTORS OF HOLDING ENTITIES		
	Société de Nemours	Société Hyacinthe	Société J.T. Mallac
Maurice de Marassé Enouf	x		x
Dominique de Froberville	x		x *
Alexis Harel	x	x	
Henri Harel	x	x	
Alain Rey	x *		
Alain Vallet	x	x *	

* : Chairman

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

Shareholders’ Agreement

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

Constitution

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

Hereunder are the salient features of the constitution:

- Wide objects and powers conferred on the Company
- Absence of ownership restrictions or pre-emptive rights attached to shares issued by the Company
- Ability of the Company to purchase its own shares, to reissue and to sell any of them
- Retirement by rotation of three directors at every Annual Meeting
- Procedure for proposing candidates for election to the office of director
- Ability of shareholders to cast postal votes
- Casting vote of the Chairman.

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

The Board of Directors was advised that the above claim was misconceived. Counsel had further opined that the claim amounted to an abuse of the process of the court. The claim was resisted and the matter was heard on 25 May 2012. On 11 February 2014, a judgement was issued by the Supreme Court, dismissing the application with costs and confirming that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders gave notice of appeal, which is being resisted by the Group. The appeal was scheduled to be heard on 25 May 2015 but was postponed to 11 July 2016, to 19 June 2017, to 15 January 2018 and then to 02 July 2018.

Board of Directors

The Board as a whole is ultimately responsible and accountable for the affairs and overall performance of

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

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

Directors are expected to attend, in person or by teleconference, all Board meetings and all Board Committee meetings of which they are members, except in exceptional circumstances. Board meeting dates are generally set well in advance to enable directors to manage their other commitments. The attendance of directors at Board and Committee meetings in 2017, as well as at the Annual Meeting of shareholders, is set out on pages 46 and 47. The Board of Terra met six times during the year, including a special half-day session dedicated to group strategy.

Senior group executives are invited, when appropriate, to attend Board meetings and make presentations on the strategies and projects under the custody of their business units. The profiles of the senior group executives are set out on pages 46 to 53. Consultants are also invited to attend Board meetings when necessary and, in 2017, several of them made presentations to the Board.

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

- Ensuring that the Company acted as a socially responsible entity
- Approving the audited consolidated annual and interim financial statements and their abridged version for publication
- Overseeing performance of the main clusters against budgets
- Ensuring balanced and constructive communications with stakeholders

- Approving major strategic investments, credit lines with financial institutions, as well as a fair valuation of the immovable assets of the Group
- Enhancing the governance structures, frameworks, policies, processes and procedures in line with best practices and current regulations
- Considering reports from the Board committees
- Overseeing key risk areas and ensuring effective risk management processes
- Declaring final dividends for the year ending on 31 December 2017
- Providing leadership in the business ethics arena
- Informing and approving the Group’s strategy for the forthcoming financial year.

Board Size and Composition

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

The directors who held office at 31 December 2017 are those listed on pages 46 and 47.

Their profiles, as well as the directorships held by them in listed companies, including the external obligations of the Chairman, as well as any change thereto and its impact, appear on the same pages. The external obligations of the Chairman have not changed in 2017 and they have been found compatible with the discharge of his duties and responsibilities. The Board charter has capped the number of outside positions of directors to ten, but the Board has the discretion of authorising a greater number on a case-by-case basis. None of the directors have reached the prescribed limit. All of them ordinarily reside in Mauritius, and there is one female member on the Board. None of the independent directors have served for more than nine years on the Board. If this was the case, the Board would examine regularly the situation and performance of the director to determine if he would still be considered as independent.

The new code of Corporate Governance, as well as the Board charter, enumerates a set of criteria determining the status of independence, from a director’s standpoint. One of these criteria states that cross directorships or significant links with other directors through involvement in other companies or bodies, could result in the director being defined as non-independent. The Board charter also gives the Board the right to grant waivers to any of the above criteria so that knowledge, experience, skills and integrity are privileged in the nomination process of independent directors. Although Mrs Margaret Wong, Mr Didier Harel

and the Chairman have cross directorships in two companies at non-executive level only, the Board has carefully considered, and resolved that there is, in its perception, no reason why Mrs Margaret Wong and Mr Didier Harel ought not continue to be regarded as independent directors. The Board has determined that both of them have shown objectivity and an unfettered independent judgement, that they have performed their duties in good faith and that their independence as directors has not been affected in any way whatsoever by these cross directorships.

At the Annual Meeting held in 2017, four directors retired from office, either by rotation or under Section 138 of the Companies Act. All of them were eligible for re-election and were re-elected. Three non-executive directors, namely Mrs Margaret Wong and Messrs Maurice de Marassé Enouf and Alain Vallet, will be proposed for re-election at the next Annual Meeting. The recent Board evaluation has confirmed the performance and the commitment of the proposed directors.

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

The Board is responsible for the succession planning and the nomination process of directors: this has been partly delegated to the Corporate Governance Committee in its Nomination Committee function. The latter identifies potential new directors, according to the provisions of Terra’s constitution and makes recommendations to the Board after considering the skills, knowledge, experience, age and gender of the candidates. Upon their appointment, the new non-executive directors receive a formal letter describing their legal responsibilities and fiduciary duties, as well as the Board’s specific expectations, including the time commitment. The Board is also responsible for the induction of new directors, with the help of the Company Secretary, and for their professional development. The recent Board evaluation was the occasion to discuss this matter with the directors and to assess their training needs.

Directors' Interests in the Share Capital of Terra Mauricia Ltd

The directors' interests in the Company's securities as at 31 December 2017 pursuant to the Listing Rules are as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	Shares	%	Usufruct	%	Shares	%	Usufruct	%
DIRECTORS								
Maurice de Marassé Enouf	-	-	-	-	-	-	-	-
Nikhil Treebhooahun	-	-	-	-	-	-	-	-
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	23,583	0.01%	-	-
Henri Harel	413,666	0.18%	-	-	200	0.00%	-	-
Hubert J. Harel	75,000	0.03%	-	-	524,600	0.23%	-	-
Nicolas Maigrot	-	-	-	-	-	-	-	-
Didier Harel	-	-	-	-	-	-	-	-
Alain Rey	-	-	-	-	-	-	-	-
Alain Vallet	263,890	0.12%	-	-	3	0.00%	1,135,710	0.50%
Margaret Wong Ping Lun	-	-	-	-	1,333	0.00%	-	-
Total	752,689	0.33%	-	-	549,985	0.24%	1,135,710	0.50%
Total issued shares	227,545,624							

None of the directors holds any interest in subsidiaries of the Company. The directors abide by the principles enunciated in the Model Code on Securities Transactions by Directors, set out in Appendix 6 of the Mauritius Stock Exchange Listing Rules. None of the directors bought or sold shares of Terra during this reporting period.

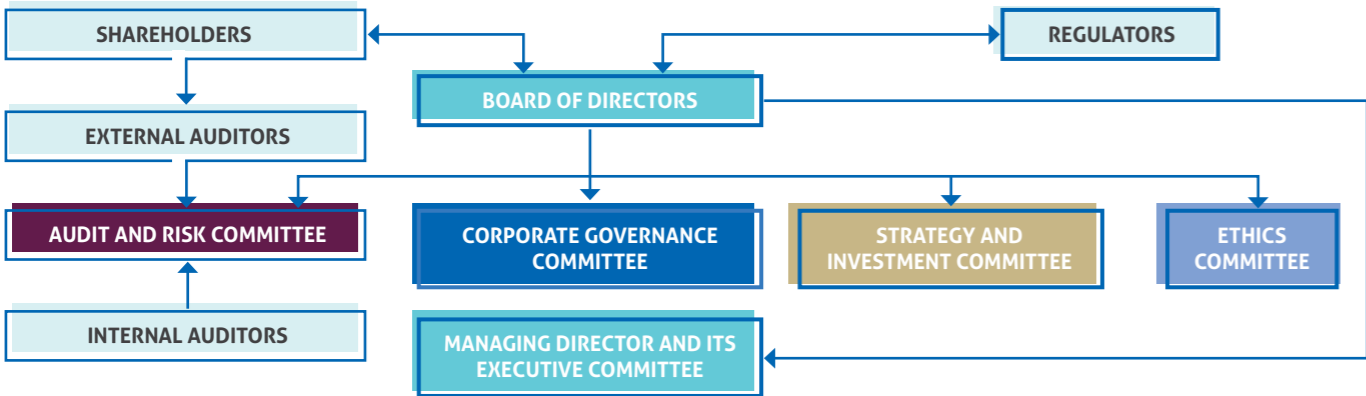
Group Company Secretary

Directors have direct access to the advice and services of the Secretary, Terra Services Ltd, through its representative Louis Denis Koenig, who is responsible for ensuring that Board procedures are followed. He also ensures that, within one month of their appointment, newly appointed directors are made aware of their fiduciary duties and responsibilities and prepares an induction programme tailored to their individual requirements, in order for them

to be immediately familiar with the Group's operations, business environment and senior management.

Governance Framework and Delegation of Authority

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



Board Committees

Audit and Risk Committee

Composition
Members throughout the year
Margaret Wong Ping Lun
Chairperson: Independent non-executive
Maurice de Marassé Enouf - Member: Non-executive
Nikhil Treebhooahun -
Member: Independent Non-executive
Other regular attendees
Managing Director
Group Chief Finance Officer
External auditors
Internal auditors
Group Finance Manager
Group Risk Champion

Terms of reference

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

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 its dual function in respect of both audit and risk. He is, however, invited to attend meetings devoted to risk matters.

Grays' Audit and Risk Committee

Given that 26% of Grays Inc. Ltd is owned by a strategic partner, as well as the complexity of its activities, Grays Inc. Ltd has a separate Audit and Risk Committee. This committee is at present under the chairmanship of Nardus Oosthuizen, a representative of the strategic partner, with George Schooling and Maurice de Marassé Enouf as members. It reports to the Board of Grays. The minutes of its proceedings are circulated to Terra's Audit and Risk Committee and Board. Grays' Audit and Risk Committee met on three occasions during the year: the first meeting focused mainly on the audited financial statements, the management letter, two internal audit reports and the internal audit plan; the second reviewed four internal audit reports and the follow-up of the risk register; and the third examined an internal audit report by external consultants on IT governance.

External auditors

No fees were paid either by Terra Mauricia Ltd or the Group to BDO & Co for non-audit services. The previous signing partner had been signing the Group accounts since 2009 and a change in partner therefore took place in 2015. The Board has decided to review the external audit arrangements for the year ending 31 December 2016, and delegated the Audit and Risk Committee to handle a tender exercise and to make recommendations in that respect. Upon these recommendations, BDO & Co were reappointed as auditors. However, according to new legislation, they will have to be replaced in 2019 at the latest.

Meeting schedule

The Audit and Risk Committee met six times in 2017 and satisfied its responsibilities for the year in compliance with its terms of reference. Individual attendance by directors is set out on pages 46 and 47. When the Committee met with the external auditors to review the financial statements, critical policies, judgements and estimates were discussed. As from 2018 the Committee will, on that occasion, meet the auditors outside the presence of management.

Committee focus in 2017

- Consolidated and abridged audited financial statements for approval by the Board and publication
- Revaluation of the immovable assets of Terragri Ltd
- Review of annual report and management letters for the Group
- External and internal audit planning for 2018
- Internal audit reports
- Risk register and management.

Corporate Governance Committee

Composition

Members throughout the year:

Alain Rey - Chairman: Non-executive
Didier Harel - Member: Independent Non-executive
Margaret Wong Ping Lun -
Member: Independent Non-executive
Nicolas Maigrot - (In attendance) executive

Terms of reference

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

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

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

Meeting schedule

The Corporate Governance Committee met five times during the year and the attendance of individual directors at these meetings is detailed on pages 46 and 47.

Committee focus in 2017

- Remuneration structure of executives, revision of their remuneration and determination of its variable part
- Corporate Governance Report for the year ended 31 December 2016
- Appointment or re-appointment of directors
- Preparation of Annual Meeting held on 29 June 2017
- Composition of boards of directors of subsidiaries and associated companies
- Board evaluation conducted in 2017
- Defined contributions retirement scheme of the employees
- Implementation of the new National Code of Corporate Governance for Mauritius
- Renewal of the Directors and Officers Liability insurance policy

Board self-evaluation

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

Strategy and Investment Committee

Composition

Members throughout the year:

Alain Rey - Chairman : Non-executive
Dominique de Froberville - Member: Non-executive
Nicolas Maigrot - Member: Executive
Alexis Harel - Member: Executive
Didier Harel - Member: Independent Non-executive
Henri Harel - Member: Executive
(Julien Rousset - as from 11 May 2017) -
(In attendance): Executive

Terms of reference

The aim of the Strategy and Investment Committee is to assist the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee reviews, approves and recommends to the Board investment or disinvestment choices based on advice provided by

the management team. It has neither managerial nor decisional powers. The Committee consists of a minimum of three and a maximum of six directors appointed by the Board, at least half of whom should be non-executive directors and preferably independent. The Board appoints a chairman from amongst the non-executive members of the Committee. The Board reviewed the terms of reference of the Committee in November 2017.

Meeting schedule and committee focus in 2017

The Strategy and Investment Committee met four times in 2017. It reviewed the Group's investment portfolio as well as investment or disinvestment opportunities, or new projects for the property cluster and made a number of recommendations to the Board. The attendance of individual directors at these meetings is detailed on pages 46 and 47.

Ethics Committee

Composition

Members throughout the year:

Alain Rey - Chairman: Non-executive
Maurice de Marassé Enouf - Member: Non-executive
Christopher Park - Member: Manager
Nikhil Treebhoo -
Member : Independent Non-executive
Louis Denis Koenig - Member: Executive
Gilbert Bouic (Group Ethics Officer) -
(In attendance): Consultant

Terms of reference

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

The Group's second Code of Ethics, which includes a whistle-blowing policy monitored by Transparency Mauritius, was officially launched in 2014. All Board members, senior executives, staff and employees were invited to renew their commitment to abide by the Code.

The Group Ethics Officer continued to devote time to encouraging the Group's stakeholders, such as contractors and suppliers, to follow the Code so as to ensure its successful implementation and to handle two internal whistle-blowing cases. He also followed the dissemination and implementation of the two internal policies concerning conflict of interest and gifts respectively, which were approved by the Board. An interest register is maintained by the Company Secretary, and is available for inspection by shareholders upon written request to the Company as provided by law.

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

Meeting schedule

The Committee met once in 2017 and the attendance of individual directors at meetings is detailed on pages 46 and 47.

Committee focus in 2017

- Report of the Ethics Officer on its activities
- Renewed the agreement with Transparency Mauritius for the whistle blowing services
- Action plan of the Ethics Officer for 2017
- Follow-up on previous whistle blowing cases and the remedial measures taken in their respect.

Internal Controls and Risk Management

The Board has overall ultimate responsibility for the system of internal control and risk management. Details on the way the Board delivered its duties in that respect, with the help of the Audit and Risk Committee, are provided on pages 64 to 67 of this report.

Dividend Policy

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

Remuneration of Directors and Remuneration Policy

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

The remuneration received by directors from the Company varied according to the number of meetings held and attended in 2017 and the number of committees on which they sat. Regarding executive directors, their remuneration varies according to Group or company results. The non-executive directors do not receive any remuneration in the form of share options or in relation to the Company's or the Group's performance. The executive directors do not receive any remuneration in their capacity of directors of subsidiaries.

For reasons of confidentiality and market sensitivity of the information, the Board of Directors has decided to depart from section 2.8.2 of the Code and not to disclose the individual remuneration of each director. The remuneration and benefits received by the directors from the Company and its subsidiaries as at 31 December 2017 are disclosed in the Statutory Disclosures on page 74.

As regards executive directors, the remuneration policy aims to:

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

The overall remuneration of executive directors includes a basic salary, pension and other benefits, and a non-pensionable annual performance bonus, in addition to Board remuneration described above. The proportion of variable pay to fixed pay is significant, and aims at better aligning the objectives set for these directors with those of the Group and providing an added incentive to respond to the challenges the Group faces.

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

Shareholders' and Stakeholders' Relations and Communication

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

Moreover, the directors are invited and encouraged, save for exceptional circumstances, to attend the Annual Meeting and to be available to answer shareholders' questions. While in 2016 all directors were present, ten of the eleven directors attended the meeting in 2017. Since 2003, it has been the practice to allow for the postal vote of shareholders at the Annual Meeting of Harel Frères and subsequently of Terra.

The main institutional investors and investment managers were traditionally invited to attend a presentation on the Annual Report and to put questions to Management. In 2017 this exercise, which is well attended and welcomed by the investing community, has taken place earlier in the year and referred to the published audited results. As in 2016, journalists appreciated, in 2017, the opportunity to attend a press briefing on the same day.

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

Share Option Plan

The Group has no share option plan.

Share Information

Information relating to share distribution and Stock Exchange performance is set out on pages 68 to 71. Dates of important events are also noted.

Related Party Transactions and Conflicts of Interest

Related party transactions are disclosed in aggregate in Note 38 to the Financial Statements. During the year, there were no material transactions between Terra or any of its

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

Management Agreements

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

Health and Safety and Environment

An overview of the Group's health and safety activities and environmental performance is provided on pages 37 to 40 of this report, with additional more detailed information provided in our online Sustainability Report.

Donations and Corporate Social Responsibility

Political and other donations made during the year are shown on page 75. Until further notice the Board has decided to maintain the current practice of disclosing in aggregate the political contributions.

The Group's policies and practices in relation to corporate social responsibility are detailed on pages 40 and 41, with additional more detailed information provided in our online Sustainability Report.



For Terra Services Ltd
Secretary
29 March 2018

INTERNAL CONTROLS and Risk Management

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

Terra's approach to risk management is designed to provide reasonable assurance that its assets are safeguarded and to ensure that the risks facing the business are being assessed and mitigated, and that all information that may be required to be disclosed is reported to Terra's senior management.

As part of the overall corporate governance framework, the Board has ultimate responsibility for overseeing the risk governance framework and determining the nature and extent of the principal risks it is willing to accept to achieve its strategic objectives. The Board is also responsible for maintaining a sound system of risk management and internal controls. The Audit and Risk Committee assists the Board by taking an active role in monitoring the risk management and internal control systems across Terra.

Internal Controls and Audit

In delivering its responsibilities in respect of internal controls and audit, the Committee has to:

- Review the Group's statement on internal control systems prior to endorsement by the Board, and in particular to review:
 - the procedures for identifying business risks and controlling their impact on the Group
 - the Group's policies for preventing or detecting fraud
 - the Group's policies for ensuring that the company complies with relevant regulatory and legal requirements
 - the operational effectiveness of the policies and procedures.
- Consider whether or not the objectives, organisation, staffing plans, financial budgets, audit plans and standing of the internal audit function provide adequate support to enable the Committee to meet its objectives
- Review the results of work performed by the internal audit function in relation to corporate governance, internal control and any significant investigations and management responses
- Review co-ordination between the internal audit function and the external auditors, and deal with any issues of material or significant dispute or concern
- Review such significant transactions not directly related to the Group's normal business as the Committee might deem appropriate
- Review significant cases of employee conflict of interest, misconduct or fraud, or any other unethical activity by employees or the Group

- Review the controls over significant risks
- Consider other relevant matters referred to it by the Board.

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

- A detailed organisational structure has been established, including the delegation of appropriate responsibilities from the Board to Board Committees, the Group Managing Director, members of Senior Management and heads of operating units
- The effectiveness of internal controls, continually assessed by the Board when it considers the recommendations of the Audit and Risk Committee, reports of the internal auditors and feedback from management and the external auditors
- A proper enterprise resource planning system to provide financial and operational performance data for management accounting purposes
- A review of accounting information on a regular basis at Audit and Risk Committee and Board level, with remedial action taken promptly as necessary
- A Code of Ethics (first adopted in 2005, reviewed in 2013 and revised in 2014) to govern staff conduct, setting out the standards of integrity and professionalism required within the Group, monitored by the Ethics Committee
- Appropriate operational and compliance controls in all operating units.

Mission and scope of internal auditing

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve Terra's operations. It assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the organisation's governance, risk management and internal controls.

Internal auditors

Except for Grays, which has its own in-house internal auditor, and Terrarock, which has retained the services of UHY & Co, the Group's internal audit function is outsourced to Ernst & Young (EY). The scope of the internal function is to assist the Board to discharge its responsibilities and maintain the internal control framework.

Reporting and independence

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 team. They also have direct access to the chairpersons of the Committees and the Board. This reporting structure allows the internal auditors to remain independent and to report all items of significance to the Board and the Audit and Risk Committee.

Risk-based internal audit approach

- A risk-based methodology is applied, through which the auditors first establish a preliminary understanding of the business, operations and key risks through discussion with Terra's Audit and Risk Committee, directors and management, and review the risk register to identify high risk areas.
- Based on the risk identification, a three-year audit plan, which is established by the auditors, is approved by the Audit and Risk Committee.
- The approved three-year internal audit plan is thereafter rolled out and audit visits at business units are undertaken by the auditors.
- Audit reports are presented and discussed at the Audit and Risk Committee.
- The Audit Plan also includes dedicated follow-up visits undertaken in business units and areas where significant high risk issues have been reported in prior audit reports.

The risk based audit approach is illustrated in the chart below:



During 2017, EY performed three internal audit visits, which were in line with the audit plan approved by the Audit and Risk Committee. EY also performed one special assignment at Grays at the request of the Audit and Risk Committee. In addition, UHY & Co performed two visits at Terrarock Ltd, while Grays' internal auditor realised four assignments and submitted four follow-up reports. Findings and observations made were discussed with management of the respective business units, action plans to address internal control gaps were agreed with management, incorporated in the internal audit reports and reported to the Audit and Risk Committees. The auditors had unrestricted access to the Group's records, management and employees in undertaking their work.

The representatives of the internal auditors, or the internal auditor himself in the case of Grays, attended the respective Audit and Risk Committee, when progress on internal audit activities were reported, and reports on completed audit visits were reviewed and discussed.

INTERNAL CONTROLS and Risk Management (cont'd)

Twenty-two persons from the management team attended a two-days training in business risk management that provided them methodologies to enhance the existing risk management process.

Risk-management Framework

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

- With the assistance of the legal advisers, the status of any legal matter that could have a significant impact on the Company's business
- Management reports detailing the adequacy and overall effectiveness of the Company's risk-management function and its implementation by Management, reports on internal controls, together with any recommendations, and confirmation that appropriate action has been taken
- Compliance with risk philosophy, strategy and policies, and with the Group's overall risk profile. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks
- The adequacy of insurance coverage.

The Committee also assists the Board in fulfilling its oversight responsibilities by monitoring the integrity of the Group's financial statements and other financial information before publication.

In 2017, the Board, through the Audit and Risk Committee, reviewed the assessment of risks, internal controls and procedures in operation within Terra. They also considered the effectiveness of any remedial action taken during the year.

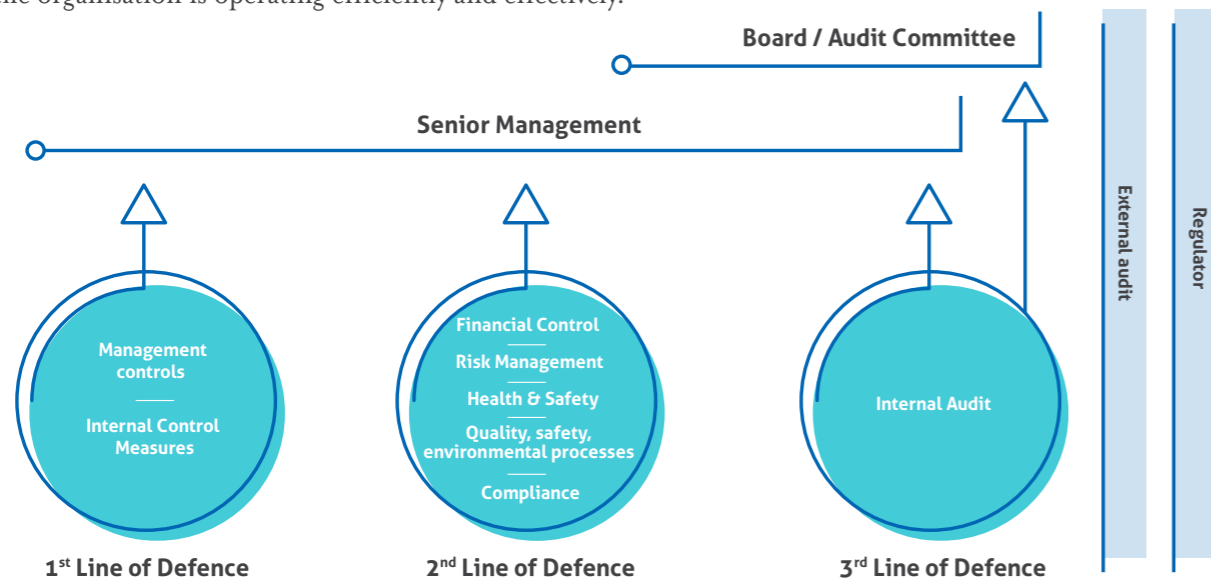
Terra's Board monitors the principal risks and controls through:

- Levels of authority for transactions requiring Board approval for investments and capital expenditure
- Executive Directors' oversight of all significant day-to-day decisions
- The Managing Director reporting on strategic and key operational matters at each scheduled Board meeting
- The Finance Director reporting on the Group's forecasts, including actual and prospective metrics.

INTERNAL CONTROLS and Risk Management (cont'd)

Terra's lines of defence

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



- The first line of defence refers to the process of assessment by Management, providing a level of assurance over the design and effectiveness of the risk and control processes. At Terra, operational line managers and heads of department and business units are responsible for proper monitoring and reporting of risks, and the implementation of adequate and timely response activities to manage those risks.
- The second line of defence refers to functions established by Management with the aim of monitoring and reporting on the effectiveness of the first line of defence in fulfilling its roles and responsibilities regarding risk management. At Terra, these monitoring functions include risk management, compliance and HSEQ processes.
- The third line of defence consists of objective, independent control, evaluation and monitoring functions, outsourced to EY as internal auditors. The internal auditors provide an independent and objective assurance and consulting activity.

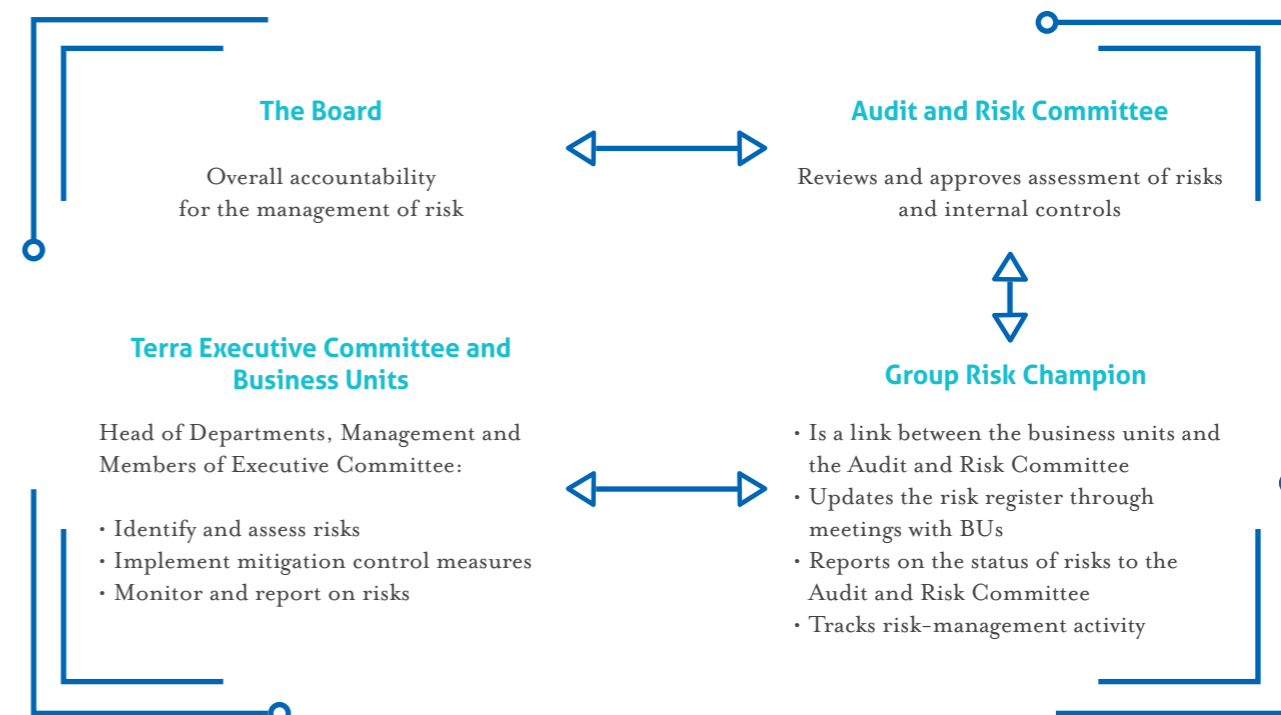
Risk-management approach

Terra has generally adopted the principles of the Enterprise Risk Management Model for managing its risks.



The Board has previously agreed its Risk Management Framework, the development of which was facilitated by EY, and a Group Risk Champion designated to maintain the risk register and report thereon regularly to the Audit and Risk Committee. The Risk Management Framework allows the Group to continuously monitor its risk environment and develop risk-mitigating strategies accordingly, as well as assist Management to better recognise the extent to which risks are being properly managed. The risk register is maintained and updated on a continuous basis by the Group Risk Champion as outlined below. The actual framework is being enhanced to guarantee an effective and efficient risk management process.

INTERNAL CONTROLS and Risk Management (cont'd)



Key risk profile of the Group

Risks identified relate to the following areas:

- Cost competitiveness – Risks which might prevent the Group from remaining economically viable
- Stakeholder confidence – Risks which might prevent the Group from maintaining or building on strong relationships with stakeholders
- Customer reach – Risks which might prevent the Group from taking maximum advantage of market opportunities for its products and services
- Operational agility – Risks which might inhibit the Group from improving its ability to respond effectively in a quickly changing market.

Financial risks form part of the Risk Management Framework. These may be defined as the risk that cash flows and financial assets, if not managed cost-effectively, may affect the Group's ability to:

- Maximise cash availability
- Reduce any uncertainty around currency matters, interest rates, and credit and other financial assets
- Move cash funds quickly and without loss of value to wherever they are most needed.

Risks in decision-making

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

Margaret Wong Ping Lun

Margaret Wong Ping Lun
Chairperson of the Audit and Risk Committee
23 March 2018

SHARE ANALYSIS AND Stock Exchange Performance

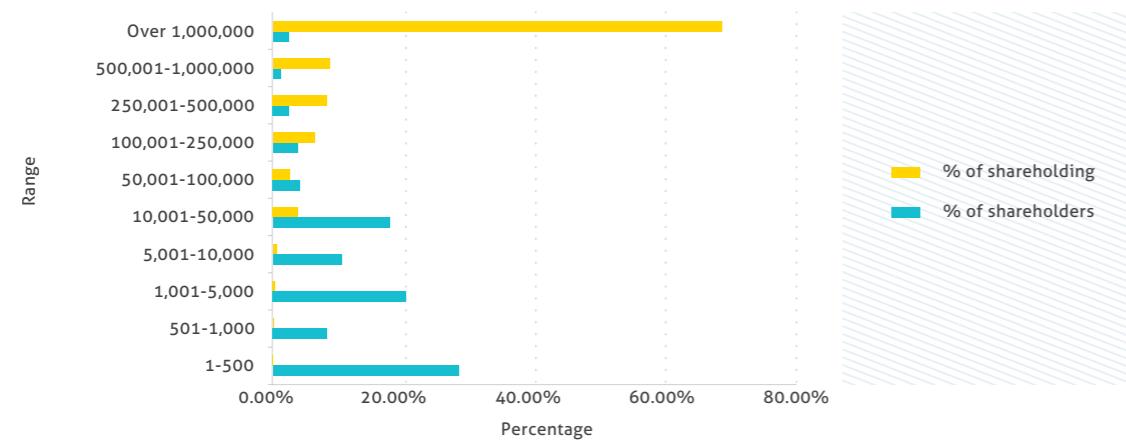
SHARE ANALYSIS AND Stock Exchange Performance (cont'd)

Distribution of Shareholders of Terra Mauricia Ltd at 31 December 2017

Range of shareholding

Range of Shareholders	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	589	27.98	99,108	0.04
501 - 1,000	168	7.98	145,224	0.06
1,001 - 5,000	424	20.14	1,134,840	0.50
5,001 - 10,000	227	10.78	1,665,108	0.73
10,001 - 50,000	386	18.34	8,909,672	3.92
50,001 - 100,000	90	4.27	6,288,590	2.76
100,001 - 250,000	93	4.42	14,940,535	6.57
250,001 - 500,000	54	2.57	19,105,707	8.40
500,001 - 1,000,000	29	1.38	20,073,550	8.82
Over 1,000,000	45	2.14	155,183,290	68.20
TOTAL	2,105	100.00	227,545,624	100.00

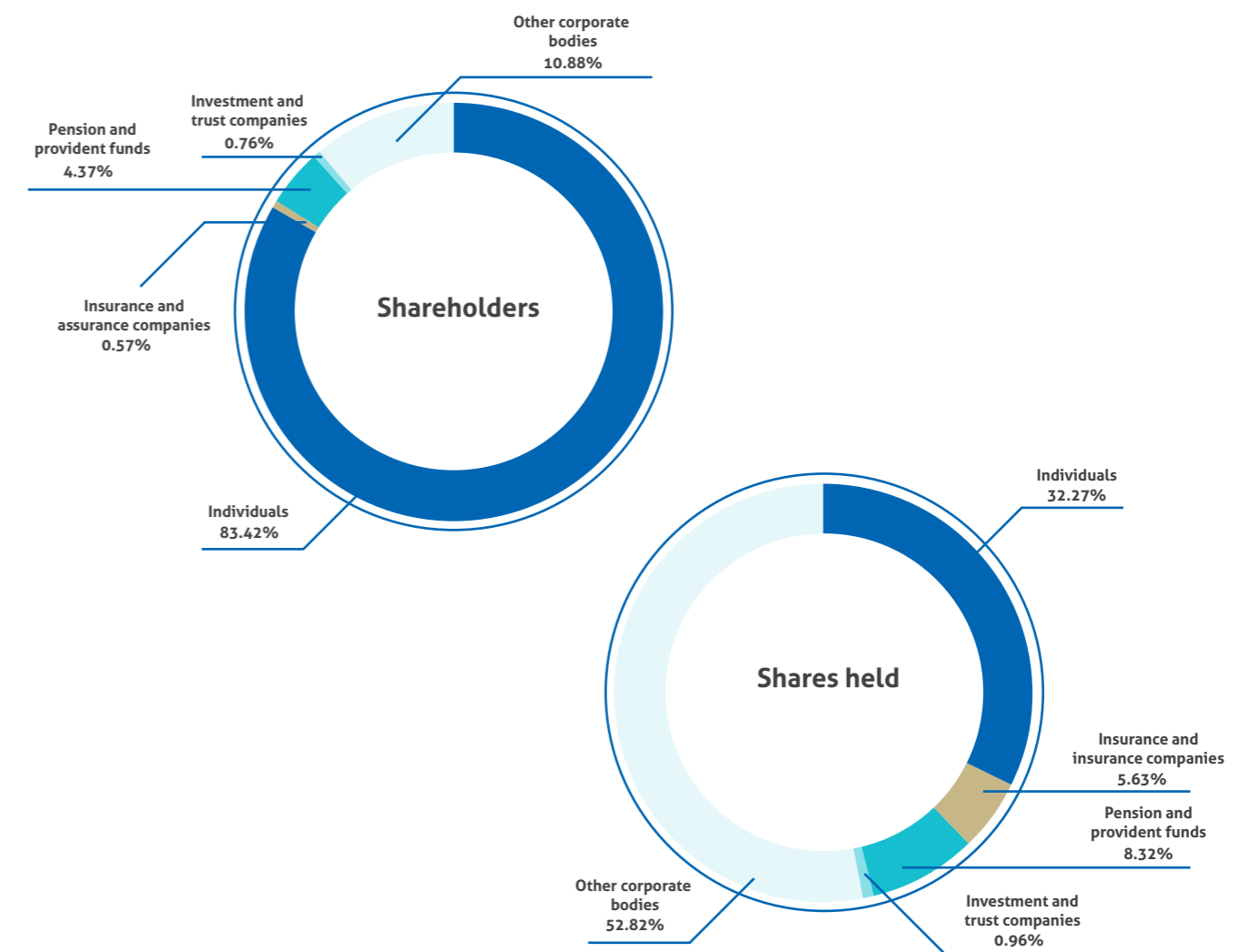
Relative comparison between range of shareholders and shareholding



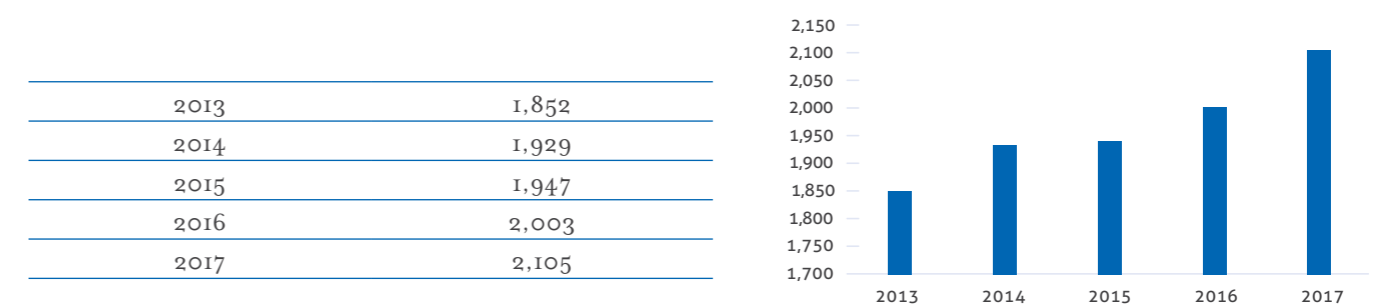
Shareholder spread

To the best knowledge of the directors, the spread of shareholders at 31 December 2017 was as follows:

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Individuals	1,756	83.42	75,440,350	32.27
Insurance and assurance companies	12	0.57	12,801,085	5.63
Pension and provident funds	92	4.37	18,926,047	8.32
Investment and trust companies	16	0.76	2,190,642	0.96
Other corporate bodies	229	10.88	120,187,500	52.82
TOTAL	2,105	100.00	227,545,624	100.00



Number of Shareholders as at 31 December



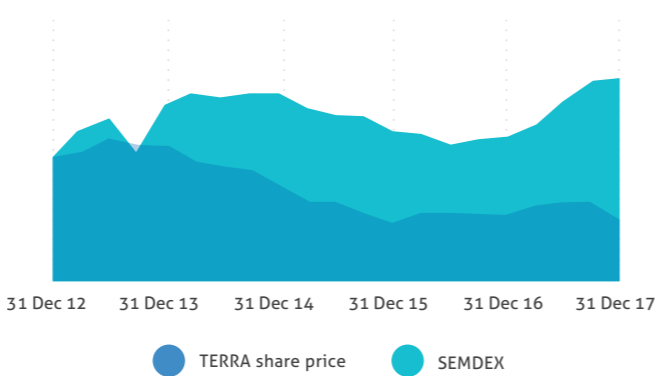
The number of shareholders of Terra was 2,122 as at 28 February 2018.

SHARE ANALYSIS AND Stock Exchange Performance (cont'd)

Stock Exchange Performance

In 2016, Terra’s share traded between MUR 27.95 and MUR 33.80, with an overall volume of 5.8 million shares exchanged (Volume Weighted Average Price: MUR 30.88). The total value traded amounted to MUR 179.8 million. Foreign investors were net sellers to the tune of MUR 1.81 million. The price of Terra fell by 6.8% to close at MUR 27.95 at end of December 2017. For the first quarter of 2017 Terra dropped out of the SEM-10 constituents but was reintegrated in the second quarter. It dropped out again at the end of the third quarter and is since in the Reserve List.

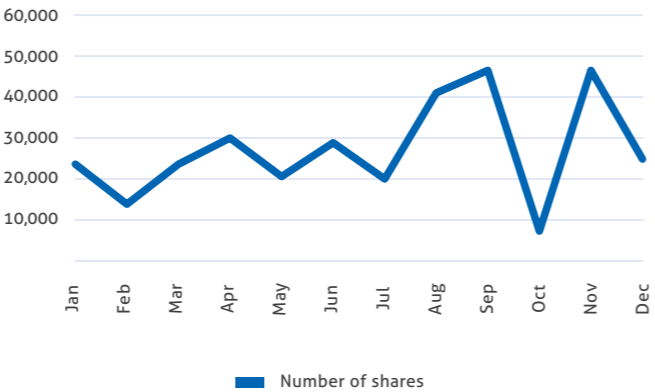
Relative quarterly movement of Semdex and Terra share price



	2013	2014	2015	2016	2017
SEMDEX (Points)					
- Year End Closing	2,095.69	2,073.72	1,811.07	1,808.37	2,202.14
SHARE PRICE (MUR)					
- Year End Closing Price	39.00	33.00	28.50	30.00	27.95
- High	42.60	39.30	33.50	32.05	33.80
- Low	38.50	33.00	28.00	28.50	27.95
<i>Note: The Terra share price was MUR 28.00 on 29 March 2018</i>					
YIELDS					
- Earnings Yield %	4.10%	4.21%	9.19%	3.20%	1.36%
- Dividend Yield %	2.05%	2.42%	2.98%	2.83%	3.04%
PRICE EARNINGS RATIO	24.38	23.74	10.88	31.25	73.55

Average volume traded monthly on the Stock Exchange in 2017

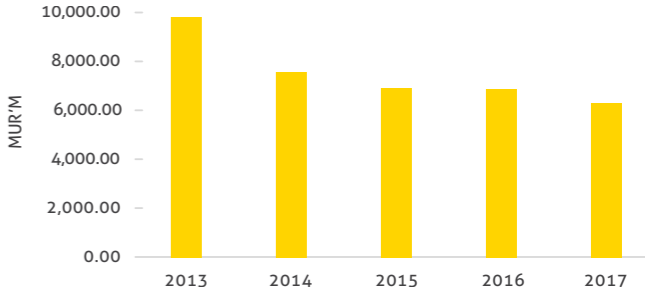
MONTH	AVERAGE VOLUME TRADED
Jan	23,372
Feb	13,982
Mar	24,052
Apr	30,656
May	21,853
Jun	28,436
Jul	20,534
Aug	41,214
Sep	47,911
Oct	7,322
Nov	46,758
Dec	25,840



SHARE ANALYSIS AND Stock Exchange Performance (cont'd)

Market capitalisation

	MUR' M	EUR' M*	USD' M*
2013	8,874.28	216.21	258.38
2014	7,509.01	182.94	218.63
2015	6,845.05	166.77	199.29
2016	6,826.37	166.31	198.75
2017	6,359.90	154.95	185.17



* The exchange rates used are those for the year 2017 as displayed below.

The market capitalisation of Terra on 29 March 2018 was MUR 6,371.28 million.

Main Exchange Rates to the Rupee

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

Currency	31 December 2016	29 December 2017
Euro	38.7635	41.0455
US Dollar	36.8155	34.3464
GB Pound	45.2186	46.1832
SA Rand	2.7271	2.7853

Shareholders’ Calendar and Relations

Financial year-end
Publication of yearly group abridged financial statements (audited)
Group audited annual financial statements available
Quarterly financial report - Q1 (unaudited)
Annual report issued
Annual meeting of shareholders
Quarterly financial report - Q2 (unaudited)
Quarterly financial report - Q3 (unaudited)
Dividend - declaration
- payment

31 December
Late March
Late March
Mid May
Mid June
Late June
Mid August
Mid November
Late November
Late December


Website: www.terra.co.mu

For more details on shareholders’ relations and communication please refer to pages 62 and 63.

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
29 March 2018

STATEMENT of Compliance

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

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

Reporting period: 31 December 2017

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, 2.8.2 and 3.9.3 of the Code of Corporate Governance. Reasons for non-compliance are given on pages 57, 59 and 62 of the Corporate Governance report.



Alain Rey
Chairman
29 March 2018



Nicolas Maigrot
Managing Director

STATEMENT OF DIRECTORS' Responsibilities in Respect of Financial Statements

Directors acknowledge their responsibilities for:

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

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The report of the external auditors on the financial statements is on pages 78 to 82.

The Directors report that:

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

Signed on behalf of the Board of Directors by



Alain Rey
Chairman
29 March 2018



Nicolas Maigrot
Managing Director

STATUTORY Disclosures

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

Directors

Names

The names of the directors of Terra Mauricia Ltd at 31 December 2017 are given on pages 46 and 47 of this report. In addition, a list of directors of subsidiary companies at the same date appears on page 146.

Service Contracts

Three executive directors, namely Messrs Nicolas Maigrot, Alexis Harel and Henri Harel have at present service contracts without expiry dates with group companies. Mr Alain Vallet has retired as executive on 31 December 2016 and benefited of a pre-retirement leave up to 31 March 2017. Other than for the above-mentioned executive directors, none of the directors proposed for election or re-election at the forthcoming Annual Meeting of shareholders have service contracts with the Company or the Group.

Remuneration and Benefits

	THE COMPANY		SUBSIDIARIES	
	2017	2016	2017	2016
	MUR'M	MUR'M	MUR'M	MUR'M
Emoluments paid by the Company and its subsidiaries to:				
- Directors of Terra Mauricia Ltd:				
• Executive				
Full-time	1.0	0.9	25.6	24.9
part-time	0.7	1.5	8.6	13.1
• Non-executive	5.6	5.0	0.7	0.6
	7.3	7.4	34.9	38.6

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

	2017	2016
	MUR'M	MUR'M
• 13 Executive (13 in 2016)		
Full-time	60.7	51.4
• 20 Non-executive (17 in 2016)	0.6	0.6
	61.3	52.0

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.

Auditors' Remuneration

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	MUR'M	MUR'M	MUR'M	MUR'M
Audit fees paid to:				
- BDO & Co	3.3	3.3	0.9	0.9

The auditors did not receive any fees for other services.

STATUTORY Disclosures

(cont'd)

Donations

	THE GROUP	
	2017	2016
	MUR' M	MUR' M
Contributions towards Corporate Social Responsibility	8.0	8.0
Number of projects funded: 77. (2016: 59)		
Political	0.5	-

Senior Officers' Interests

The Group's senior officers' interests in the Company as declared under the Securities Act 2005 as at 31 December 2017 were as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	Beneficial	%	Non-beneficial	%	Beneficial	%	Non-beneficial	%
SENIOR OFFICERS OF THE COMPANY								
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	23,583	0.01%	-	-
Henri Harel	413,666	0.18%	-	-	436,310	0.19%	4,541,285	2.00%
Alain Vallet	263,890	0.12%	-	-	227,143	0.10%	-	-
Hubert Harel	75,000	0.03%	-	-	-	-	156,000	0.07%
Jean Marc Jauffret	2,000	0.00%	-	-	-	-	-	-
Sébastien Mamet	300	0.00%	-	-	-	-	-	-
Bernard Desvaux de Marigny	1,925	0.00%	-	-	-	-	-	-
Noufail Manjoo	235	0.00%	-	-	-	-	-	-
Christopher Park	3,000	0.00%	-	-	-	-	-	-
OTHER INSIDERS								
Olivier Prod'hon	800	0.00%	-	-	-	-	-	-
Armelle Mallac Sim	1,563,151	0.69%	-	-	7,663,210	3.37%	4,433,454	1.95%
Patrick Raffray	133	0.00%	-	-	-	-	-	-
TOTAL	2,324,233	1.02%	-	-	8,350,512	3.67%	9,130,739	4.01%
Total issued shares	227,545,624							

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



FINANCIAL Statements

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Terra Mauricia Ltd

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Terra Mauricia Ltd and its subsidiaries (the Group), and the Company’s separate financial statements on pages 83 to 143 which comprise the statements of financial position as at December 31, 2017, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 83 to 143 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

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

THE COMPANY

KEY AUDIT MATTER	AUDIT RESPONSE
<p>1 INVESTMENTS</p> <p>Valuation of investments</p> <p>The Company’s financial investments amount to MUR 15,019.9 million.</p> <p>The valuation of financial investments held at fair value is based on a range of inputs. Many of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates must be developed based on the most appropriate source data and are subject to significant judgement.</p> <p>The main risks identified are related to the high value of the items as well as the use of significant judgement in the fair value exercise. There is also a risk of impairment which needs to be assessed.</p>	<p>We assessed the reasonableness of assumptions and forecasts used in the fair value models.</p> <p>We also assessed the reasonableness of the forecasts used in the fair value exercise.</p> <p>Where independent valuers were involved, we assessed the range of inputs used in their valuations.</p> <p>We have reviewed the classification and accounting treatment of the Company’s investment portfolio in line with the accounting polices set out in Notes 2.5, 2.6 and 2.7 to the financial statements.</p>

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

INDEPENDENT AUDITOR’S REPORT (CONT’D)

To the Shareholders of Terra Mauricia Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

THE GROUP

KEY AUDIT MATTER	AUDIT RESPONSE
<p>2 PROPERTY, PLANT & EQUIPMENT (PPE)</p> <p>Valuation of land and buildings</p> <p>As set out in the critical accounting estimates and judgements on page 106, and in the notes on page 109 of the financial statements, the Group measures its land, buildings and civil works and power plant at fair value and this represents a significant accounting estimate.</p> <p>PPE assets are measured initially at cost, with land and buildings subsequently measured at fair value. Valuations are performed by an independent professionally accredited expert, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the Statement of Financial Position date.</p> <p>The main risks identified are related to the involvement of a range of judgemental assumptions. PPE is valued at MUR 11,401.3 million in the Group’s Statement of Financial Position as at 31 December 2017.</p> <p>Refer to Note 5 of the accompanying financial statements.</p>	<p>Valuation</p> <p>We assessed the credentials of the independent property valuer.</p> <p>We sought alternative opinions from two other independent property valuers as per ISA 620.</p> <p>We assessed the assumptions used in the valuation report submitted by the independent property valuer.</p> <p>We held discussions with the valuer and the directors to assess the valuation.</p> <p>We confirmed that the valuation was correctly accounted for and disclosed in the financial statements.</p>

KEY AUDIT MATTER	AUDIT RESPONSE
<p>3 CONSUMABLE BIOLOGICAL ASSETS</p> <p>Valuation of consumable biological assets</p> <p>The Group’s consumable biological assets shown on page 119 represent MUR 98.8 million. 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.</p> <p>The main risks identified relate to the use of significant judgement in the valuation of the consumable biological assets.</p> <p>Refer to Note 16 of the accompanying financial statements.</p>	<p>We have tested the assumptions and discussed with the relevant heads of departments to assess the reasonableness of the estimates used in the valuation.</p>

INDEPENDENT AUDITOR’S REPORT (CONT’D)

To the Shareholders of Terra Mauricia Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

THE GROUP (CONT'D)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>4 INVENTORIES</p> <p>Existence and valuation of inventories</p> <p>Inventories for the Group amount MUR 895.4 million at December 31, 2017. Inventories consist mainly of wines and spirits among other consumer products kept in 2 stores and in all the sales and distribution outlets spread across the island. Valuation of the inventories is at the lower of cost and net realisable value.</p> <p>The main risks identified are related to the nature of the inventories (fast moving consumer products) and their geographical dispersion and logistics, and the high value of these inventories.</p> <p>Refer to Note 15 of the accompanying financial statements.</p>	<p>Our audit procedures to test the existence of the inventories mainly consisted of testing the relevant internal control procedures, specifically by testing the inventory cycle counts that are periodically performed by management and the automated recording of sales transactions (three-way-match). We assessed the subsidiary's stock taking processes and attended the full inventory count at the bonded warehouse as well as sample counts at the stores. We performed a recalculation of the major inventory balances at the year end and inspected the subsidiary's inventory count rate reports relating to inventory coverage and analyzed inventory differences in order to detect possible deviations. We reviewed the principles for accounting inventory write-downs and adequacy of the write-downs recognised in the financial statements.</p>

KEY AUDIT MATTER	AUDIT RESPONSE
<p>5 BEARER PLANTS</p> <p>Valuation of bearer plants</p> <p>At December 31, 2017, the Group’s and the Company’s bearer plants included in Property, plant and equipment amount to MUR 273.7 million. Those bearer biological assets have been tested for impairment based on future cash flows. The main risks identified are related to the assumptions of key inputs used in the forecasts.</p> <p>Refer to Note 5 of the accompanying financial statements.</p>	<p>Given the uncertainty on certain key inputs in the future cash flows, we have relied on management representation and on the fact that a Joint Public-Private Technical Committee (JTC) has been appointed by the Government to make an in-depth study and propose measures for the sugar industry in the short, medium and long term that would bring about structural reform. These measures would be finalised shortly.</p>

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR’S REPORT (CONT’D)

To the Shareholders of Terra Mauricia Ltd

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR’S REPORT (CONT’D)

To the Shareholders of Terra Mauricia Ltd

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT’D)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

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

BDO & Co
Chartered Accountants

Port Louis,
Mauritius.
29 March 2018

A. Ebrahim

Afsar Ebrahim, F.C.A
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

December 31, 2017

	Notes	THE GROUP		THE COMPANY	
		2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
ASSETS					
Non-current assets					
Property, plant and equipment	5	11,401.3	11,294.0	-	-
Investment properties	6	202.3	208.3	-	-
Intangible assets	7	407.8	392.2	-	-
Investment in subsidiaries	8	-	-	13,458.4	13,618.2
Investment in associates	9	3,245.9	3,012.4	1,177.9	1,020.4
Investment in financial assets	10	383.4	402.1	393.6	359.4
Non-current receivables	11	123.0	27.3	102.1	15.1
Bearer biological assets	12	7.4	7.4	-	-
Land development expenditure	13	27.4	8.6	-	-
Deferred tax assets	14	117.3	103.6	-	-
		15,915.8	15,455.9	15,132.0	15,013.1
Current assets					
Inventories	15	895.4	845.2	-	-
Consumable biological assets	16	98.8	214.1	-	-
Trade and other receivables	17	1,625.3	1,367.9	106.4	45.5
Derivative financial instruments	18	-	5.1	-	-
Cash and cash equivalents	32	174.8	337.3	21.1	9.5
		2,794.3	2,769.6	127.5	55.0
Non-current assets classified as held for sale	19	46.6	122.9	-	-
Total assets		18,756.7	18,348.4	15,259.5	15,068.1
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	358.2	298.8	934.6	951.1
Retained earnings		924.1	1,032.0	1,713.7	1,737.8
Owners' interest		13,258.3	13,306.8	14,624.3	14,664.9
Non-controlling interests		1,074.6	1,003.7	-	-
Total equity		14,332.9	14,310.5	14,624.3	14,664.9
Non-current liabilities					
Borrowings	22	353.0	361.4	-	-
Deferred tax liabilities	14	196.1	220.6	-	-
Retirement benefit obligations	23	659.6	597.3	-	-
		1,208.7	1,179.3	-	-
Current liabilities					
Trade and other payables	24	841.5	828.8	5.1	12.4
Current tax liabilities	25	20.6	29.9	0.7	0.2
Borrowings	22	2,345.2	1,997.6	629.4	390.6
Derivative financial instruments	18	0.3	-	-	-
		3,207.6	2,856.3	635.2	403.2
Liabilities directly associated with non-current assets classified as held for sale	19(b)	7.5	2.3	-	-
Total liabilities		4,423.8	4,037.9	635.2	403.2
Total equity and liabilities		18,756.7	18,348.4	15,259.5	15,068.1

These financial statements have been approved for issue by the Board of Directors on 29 march 2018

4=ifA

Nicolas Maigrot
Managing Director

Mubashir

Margaret Wong Ping Lun
Director

The notes on pages 89 to 143 form an integral part of these financial statements.
Auditor's report on pages 78 to 82.

STATEMENTS OF PROFIT OR LOSS

Year Ended December 31, 2017

	Notes	THE GROUP		THE COMPANY	
		2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Revenue	2, 26, 40 (c)	5,087.3	4,860.5	302.0	293.7
Compensation from the Sugar Insurance Fund Board	41	67.2	-	-	-
(Losses)/gains arising from changes in fair value of consumable biological assets	16	(115.3)	10.0	-	-
		5,039.2	4,870.5	302.0	293.7
Cost of sales	28	(3,875.7)	(3,535.2)		-
Gross profit		1,163.5	1,335.3	302.0	293.7
Other income	26	287.8	138.8	1.9	2.4
Administrative expenses	28	(582.5)	(526.1)	(17.5)	(18.8)
Distribution costs	28	(138.4)	(140.0)	-	-
Other expenses	28	(411.7)	(348.2)	(4.4)	-
Profit before finance costs	27	318.7	459.8	282.0	277.3
Finance costs	29	(100.4)	(78.8)	(17.1)	(16.7)
Profit after finance costs		218.3	381.0	264.9	260.6
Share of results of associates-net	9	42.3	52.4	-	-
Impairment of associates	9	-	-	(94.9)	(244.2)
Profit before taxation		260.6	433.4	170.0	16.4
Taxation	25	(16.3)	(65.2)	(0.7)	0.1
Profit for the year		244.3	368.2	169.3	16.5
Profit attributable to:					
Owners of the parent		85.5	219.3	169.3	16.5
Non-controlling interests		158.8	148.9	-	-
		244.3	368.2	169.3	16.5
Earnings per share (MUR)	30	0.38	0.96	0.74	0.07

The notes on pages 89 to 143 form an integral part of these financial statements.
Auditor's report on pages 78 to 82.

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

Year Ended December 31, 2017

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Profit for the year	244.3	368.2	169.3	16.5
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Change in revaluation of land and buildings (note 5(d))	-	(3,506.4)	-	-
Deferred tax on revaluation of buildings	-	20.6	-	-
Remeasurements of post employment benefit obligations	(32.1)	(12.6)	-	-
Deferred tax on remeasurements of post employment benefit obligations	0.2	1.8	-	-
Share of other comprehensive income of associates	44.6	(49.4)	-	-
Scrappings of revalued property, plant and equipment	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Increase/ (decrease) in fair value of investments	34.5	(64.1)	(18.6)	319.8
Fair value movement on disposal of financial assets	2.1	-	2.1	-
Translation reserve movement	(21.0)	11.1	-	-
Other comprehensive income for the year	28.3	(3,599.0)	(16.5)	319.8
Total comprehensive income for the year	272.6	(3,230.8)	152.8	336.3
Total comprehensive income attributable to:				
Owners of the parent	120.2	(3,374.3)	152.8	336.3
Non-controlling interests	152.4	143.5	-	-
	272.6	(3,230.8)	152.8	336.3

The notes on pages 89 to 143 form an integral part of these financial statements.
Auditor's report on pages 78 to 82.

STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31, 2017

THE GROUP	Notes	Attributable to owners of the parent				Non-Controlling Interests	Total Equity
		Share Capital	Revaluation and Other Reserves	Retained Earnings	Total		
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2017		11,976.0	298.8	1,032.0	13,306.8	1,003.7	14,310.5
Profit for the year		-	-	85.5	85.5	158.8	244.3
Other comprehensive income for the year		-	34.7	-	34.7	(6.4)	28.3
Release of deferred tax on excess depreciation over historical cost depreciation		-	1.0	-	1.0	-	1.0
Non-controlling interest arising on business combinations		-	-	-	-	30.9	30.9
Movement in reserves		-	23.7	-	23.7	0.7	24.4
Dividends	31	-	-	(193.4)	(193.4)	(113.1)	(306.5)
Balance at December 31, 2017		11,976.0	358.2	924.1	13,258.3	1,074.6	14,332.9
THE COMPANY	Notes	Attributable to owners of the parent				Non-Controlling Interests	Total Equity
		Share Capital	Revaluation and Other Reserves	Retained Earnings	Total		
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2016		11,976.0	3,873.0	1,006.1	16,855.1	975.1	17,830.2
Profit for the year		-	-	219.3	219.3	148.9	368.2
Other comprehensive income for the year		-	(3,593.6)	-	(3,593.6)	(5.4)	(3,599.0)
Release of deferred tax on excess depreciation over historical cost depreciation		-	1.0	-	1.0	0.2	1.2
Release on disposal of land		-	15.7	-	15.7	-	15.7
Movement in reserves		-	2.7	-	2.7	-	2.7
Dividends	31	-	-	(193.4)	(193.4)	(115.1)	(308.5)
Balance at December 31, 2016		11,976.0	298.8	1,032.0	13,306.8	1,003.7	14,310.5
THE COMPANY	Notes	Share Capital	Amalgamation Reserve	Fair Value Reserve	Retained Earnings	Total	
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	
At January 1, 2017		11,976.0	(172.3)	1,123.4	1,737.8	14,664.9	
Profit for the year		-	-	-	169.3	169.3	
Other comprehensive income for the year		-	-	(16.5)	-	(16.5)	
Dividends	31	-	-	-	(193.4)	(193.4)	
At December 31, 2017		11,976.0	(172.3)	1,106.9	1,713.7	14,624.3	
At January 1, 2016		11,976.0	(172.3)	803.6	1,914.7	14,522.0	
Profit for the year		-	-	-	16.5	16.5	
Other comprehensive income for the year		-	-	319.8	-	319.8	
Dividends	31	-	-	-	(193.4)	(193.4)	
At December 31, 2016		11,976.0	(172.3)	1,123.4	1,737.8	14,664.9	

The notes on pages 89 to 143 form an integral part of these financial statements.
Auditor's report on pages 78 to 82.

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2017

Notes	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	MUR'M	MUR'M	MUR'M	MUR'M
Operating activities				
Profit before taxation	260.6	433.4	170.0	16.4
Adjustments for :				
Depreciation	5	371.0	348.1	-
Profit on sale of property, plant and equipment/non current assets classified as held for sale		(167.8)	(65.0)	-
Loss on sale of investments		4.8	-	2.0
Retirement benefit obligations		30.2	(0.2)	-
Amortisation of intangible assets	7	1.7	8.7	-
Depreciation of investment properties	6	6.0	6.4	-
Impairment of associate	9	-	-	94.9
Impairment of financial assets		2.9	-	2.9
Impairment of goodwill		58.2	-	-
Derivative financial instruments		5.1	(2.0)	-
Investment income		(39.7)	(18.6)	(302.0)
Interest expense	29	101.5	92.5	17.1
Share of results of associates		(42.3)	(52.4)	-
Changes in working capital:				
- inventories		(50.2)	(92.8)	-
- consumable biological assets	16	115.3	(10.0)	-
- trade and other receivables		(260.0)	(38.0)	(60.9)
- trade and other payables		12.7	29.6	(7.4)
		410.0	639.7	(83.4)
Interest paid		(101.5)	(92.5)	(17.1)
Net income tax paid		(62.0)	(75.8)	-
Net cash from/(used in) operating activities		246.5	471.4	(100.5)

The notes on pages 89 to 143 form an integral part of these financial statements.
Auditor's report on pages 78 to 82.

STATEMENTS OF CASH FLOWS (CONT'D)

Year Ended December 31, 2017

	Notes	THE GROUP		THE COMPANY	
		2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Investing activities					
Purchase of property, plant and equipment/investment properties		(405.6)	(358.6)	-	-
Intangible assets acquired		(8.9)	(13.7)	-	-
Replantation costs		(62.0)	(70.7)	-	-
Land development expenditure/ non-current assets classified as held for sale		(56.9)	(23.5)	-	-
Purchase of investment in subsidiaries		(21.3)	-	-	(4.1)
- associates	9	(199.4)	(97.6)	(155.9)	(96.5)
- others	10	-	(56.8)	-	(0.9)
Proceeds on sale of property, plant and equipment/non-current assets classified as held for sale		259.4	122.1	-	-
Proceeds on sale of investments		0.7	-	3.8	-
Loans granted to related party		(95.7)	(2.6)	(87.0)	(3.7)
Interest received		11.4	12.3	-	-
Dividend received		137.8	141.5	302.0	293.7
Net cash (used in)/from investing activities		(440.5)	(347.6)	62.9	188.5
Financing activities					
Proceeds from borrowings		570.1	516.1	305.2	174.9
Redemption of capital		3.8	-	3.8	-
Repayment of loans		(145.3)	(73.5)	(70.0)	(121.3)
Finance lease principle repayment		(9.0)	(9.6)	-	-
Dividends paid to shareholders of Terra Mauricia Ltd	31	(193.4)	(193.4)	(193.4)	(193.4)
Dividends paid to outside shareholders of subsidiaries		(113.1)	(115.1)	-	-
Net cash from/(used in) financing activities		113.1	124.5	45.6	(139.8)
(Decrease)/increase in cash and cash equivalents		(80.9)	248.3	8.0	(1.1)
Movement in cash and cash equivalents					
At January 1,		136.3	(118.0)	(0.1)	1.0
(Decrease)/increase		(80.9)	248.3	8.0	(1.1)
Acquisitions through business combinations		2.6	-	-	-
Consolidation adjustment		(6.4)	6.0	-	-
At December 31,	32	51.6	136.3	7.9	(0.1)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

1. GENERAL INFORMATION

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

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

Principal activities

Terra Mauricia Ltd is an investment holding company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

Amendments to published Standards effective in the reporting period

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities is presented in Note 32.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment has no impact on the Group's financial statements.

The notes on pages 89 to 143 form an integral part of these financial statements.
Auditor's report on pages 78 to 82.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Annual Improvements to IFRSs 2014-2016 Cycle (cont'd)

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2018 or later periods, but which the Group/Company 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
- IFRS 15 Revenue from Contracts with Customers
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 16 Leases
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Transfers of Investment Property (Amendments to IAS 40)
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with negative compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRSs 2015-2017 Cycle

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.

2.2 Property, plant and equipment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property, plant and equipment (cont'd)

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

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

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, the amounts included in revaluation surplus are transferred to retained earnings.

2.3 Investment properties

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

The principal annual rate is as follows:

Buildings	2 - 8%
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2.4 Intangible assets

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

(i) Closure costs

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

(ii) Brands/distribution rights

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets (cont'd)

(iii) Goodwill

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

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

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

(iv) Computer software

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

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

(v) Legal fees

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

2.5 Investment in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment in subsidiaries (cont'd)

Consolidated financial statements (cont'd)

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

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

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

Transactions with non-controlling interests

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.

Disposal of subsidiaries

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

2.6 Investment in associates

Separate financial statements of the investor

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

Consolidated financial statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates (cont'd)

Consolidated financial statements (cont'd)

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

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

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

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

2.7 Financial assets

(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 financial assets at initial recognition.

(i) 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.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (cont'd)

(b) Recognition and measurement (cont'd)

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.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(c) Impairment of financial assets

(i) Financial assets classified as available-for-sale

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 profit or loss.

If the fair value of a previously impaired debt security classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in profit or loss.

(ii) Financial assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the asset is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit ratings), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised amount would have been had the impairment not been recognised.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 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.

2.10 Leases

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

Accounting for leases - where Company is the lessee

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

2.11 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 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.

2.12 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Inventories

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

2.14 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.

2.15 Derivative financial instrument

Derivative financial instruments relate to currency swaps. These are initially recognised at cost on the date a derivative contract is entered into and subsequently remeasured at their fair value. Fair values of derivatives between two external currencies are based on interest rate differential between the two currencies. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Transaction costs are charged immediately through profit or loss. The fair values of derivative financial instruments held for trading are disclosed in Note 18.

2.16 Cash and cash equivalents

Cash and cash equivalents 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.

2.17 Non-current assets classified as held for sale

The Company

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.

The Group

Non-current assets classified as held for sale are measured at the lower of carrying value amount and fair value less costs to sell if their carrying amounts are 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Non-current assets classified as held for sale (cont'd)

The Group (cont'd)

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

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

2.18 Stated capital

Ordinary shares are classified as equity.

2.19 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 is sold, 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 profit and loss.

2.20 Borrowings

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

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

2.21 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Retirement benefit obligations

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

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

Gratuity on retirement

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

2.23 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Foreign currencies

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

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

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

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

(iii) *Group companies*

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

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

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

2.25 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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 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.

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.
- 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.

2.27 Dividend distribution

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

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk

(i) Currency risk

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

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

Currency profile

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

THE GROUP	MUR MUR'M	EURO MUR'M	USD MUR'M	Other currencies MUR'M	TOTAL MUR'M
<u>At December 31, 2017</u>					
Trade and other receivables	1,376.1	160.6	21.8	66.8	1,625.3
Cash in hand and at bank	140.4	12.9	17.0	4.5	174.8
Other assets	15,146.5	1,736.9	-	73.2	16,956.6
Total assets	16,663.0	1,910.4	38.8	144.5	18,756.7
Liabilities	3,904.9	369.5	2.6	146.8	4,423.8
<u>At December 31, 2016</u>					
Trade and other receivables	1,196.0	83.3	78.1	10.5	1,367.9
Cash in hand and at bank	266.0	11.0	50.5	9.8	337.3
Other assets	15,768.9	724.7	130.5	19.1	16,643.2
Total assets	17,230.9	819.0	259.1	39.4	18,348.4
Liabilities	3,234.8	549.9	181.0	72.2	4,037.9
<u>THE COMPANY</u>					
	MUR MUR'M	USD MUR'M	EURO MUR'M	TOTAL MUR'M	
<u>At December 31, 2017</u>					
Trade and other receivables	106.4	-	-	106.4	
Cash in hand and at bank	20.7	0.1	0.3	21.1	
Other assets	14,394.0	-	738.0	15,132.0	
Total assets	14,521.1	0.1	738.3	15,259.5	
Liabilities	635.2	-	-	635.2	
<u>At December 31, 2016</u>					
Trade and other receivables	45.5	-	-	45.5	
Cash in hand and at bank	5.7	3.0	0.8	9.5	
Other assets	14,275.1	-	738.0	15,013.1	
Total assets	14,326.3	3.0	738.8	15,068.1	
Liabilities	403.2	-	-	403.2	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

At December 31, 2017, if the rupee had weakened/strengthened by 5% against the US dollar/Euro with all other variables held constant, post-tax profit for the year would have impacted as shown in the table below, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated borrowings, financial assets at fair value through profit or loss, bank deposits, trade receivables and payables.

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Rupee strengthened/weakened by 5% Post-tax profit and equity	78.7	15.7	36.9	37.1

(ii) Price risk

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

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

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

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	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
	+/-5%	+/-5%	+/-5%	+/-5%
Available-for-sale investments	19.2	20.1	751.5	746.1

(b) Credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(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.

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'M	MUR'M	MUR'M	MUR'M
Opening balance	51.6	136.3	7.9	(0.1)
Cash flows from/(used in) operating activities	306.0	246.5	46.6	(100.5)
Cash flows (used in)/from investing activities	(241.7)	(440.5)	347.6	62.9
Cash flows (used in)/from financing activities	(144.3)	109.3	(478.9)	45.6
Closing balance	(28.4)	51.6	(76.8)	7.9

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	MUR'M	MUR'M	MUR'M
THE GROUP			
At December 31, 2017			
Borrowings including bank overdrafts	2,345.2	99.7	253.3
Trade and other payables	841.5	-	-

At December 31, 2016

Borrowings including bank overdrafts
Trade and other payables

1,997.6	102.3	259.1
828.5	-	-

THE COMPANY

At December 31, 2017

Borrowings including bank overdrafts
Trade and other payables

Less than
1 year
MUR'M

629.4
5.1

At December 31, 2016

Borrowings including bank
overdrafts
Trade and other payables

390.6
12.4

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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, 2017, if interest rates on rupee-denominated borrowings and Euro-denominated borrowings had been 10 basis points and 50 basis points respectively higher/lower with all other variables held constant, post-tax profit for the year and shareholders' equity would have been changed as shown in the table below.

	Rupee denominated borrowings (10 basis points)		Euro denominated borrowings (50 basis points)	
	2017	2016	2017	2016
	MUR'M	MUR'M	MUR'M	MUR'M
THE GROUP				
Impact on post-tax profit and shareholders' equity	2.3	1.4	-	-

THE COMPANY

Impact on post-tax profit and shareholders' equity	0.6	0.4	N/A	N/A
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(ii) At December 31, 2017, if variable interest rates on deposit at bank had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would not be significantly impacted.

3.2 Fair value estimation

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

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

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

Specific valuation techniques used to value financial instruments include:

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

3.3 Biological assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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 shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e stated capital, revaluation and other reserves, and retained earnings).

During 2017, the Group's strategy, which was unchanged from 2016, was to reduce the debt-to-adjusted capital ratio to a reasonable level in order to secure access to finance at a reasonable cost.

The debt-to-adjusted capital ratios at December 31, 2017 and December 31, 2016 were as follows:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	MUR'M	MUR'M	MUR'M	MUR'M
Total debt (Note 22)	2,698.2	2,359.0	629.4	390.6
Less: cash in hand and at bank	(174.8)	(337.3)	(21.1)	(9.5)
Net debt	2,523.4	2,021.7	608.3	381.1
Total equity	14,332.9	14,310.5	14,624.3	14,664.9
Debt-to-adjusted capital ratio	0.18:1	0.14:1	0.04:1	0.03:1

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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

4.1 Critical accounting estimates and assumptions (cont'd)

(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 of the Company.

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

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

(e) Pension benefits

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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

4.1 Critical accounting estimates and assumptions (cont'd)

(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) Revaluation of property, plant and equipment

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

(i) Impairment of assets

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

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

(j) Assets and Investments in respect of Terragri Ltd and Terra Milling Ltd

After two bad years, 2014 and 2015, 2016 was a good year for sugar. 2017 showed signs of a poor price and immediately Government responded to the pleas of the sugar industry. The SIFB made a grant of MUR 500 million translated into MUR 1,250/t sugar accrued and payment of global cess, MUR 500/t sugar, was suspended. Subsequently, Cabinet cognisant of the importance of the sugar industry for Mauritius, economic, social, environmental, protection and preservation, has approved the appointment of a Joint Public-Private Technical Committee (JTC) to make an indepth study and propose measures for the short, medium and long term that would bring about structural reform. These measures would be finalised shortly.

In the light of the above, assets and investments in respect of cane growing and milling entities have been maintained at their existing carrying values.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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	Bearer Plants	Total
	MUR'M	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, 2017

- Cost	3,801.6	270.3	330.9	237.9	23.1	755.4	412.6	563.9	379.0	580.0	7,354.7
- Valuation	4,547.5	-	1,257.3	2,107.9	370.4	1,343.7	-	-	-	-	9,626.8
	<u>8,349.1</u>	<u>270.3</u>	<u>1,588.2</u>	<u>2,345.8</u>	<u>393.5</u>	<u>2,099.1</u>	<u>412.6</u>	<u>563.9</u>	<u>379.0</u>	<u>580.0</u>	<u>16,981.5</u>
Additions	27.9	4.2	45.1	106.3	4.0	88.4	21.6	66.6	42.7	62.0	468.8

Additions through business combinations

	-	-	17.2	-	-	-	-	9.7	19.5	-	46.4
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Disposals/ Scrapped assets

	(18.1)	-	(2.0)	(5.9)	-	(7.3)	(2.0)	(25.7)	2.9	-	(58.1)
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Assets fully depreciated

	-	-	-	-	-	-	-	-	-	(55.1)	(55.1)
--	---	---	---	---	---	---	---	---	---	--------	--------

At December 31, 2017

- Cost	3,811.4	274.5	391.2	338.3	27.1	836.5	432.2	614.5	444.1	586.9	7,756.7
- Valuation	4,547.5	-	1,257.3	2,107.9	370.4	1,343.7	-	-	-	-	9,626.8
	<u>8,358.9</u>	<u>274.5</u>	<u>1,648.5</u>	<u>2,446.2</u>	<u>397.5</u>	<u>2,180.2</u>	<u>432.2</u>	<u>614.5</u>	<u>444.1</u>	<u>586.9</u>	<u>17,383.5</u>

DEPRECIATION

At

January 1, 2017	-	92.7	1,297.6	1,263.8	203.5	1,465.3	403.5	389.0	280.5	291.6	5,687.5
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Charge for the year

	-	4.0	31.8	57.9	9.2	73.1	19.5	62.9	35.9	76.7	371.0
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Additions through business combinations

	-	-	1.6	-	-	-	-	5.0	5.6	-	12.2
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Disposals/ Scrapped assets

	-	-	-	(3.4)	-	(3.0)	(2.0)	(22.1)	(2.9)	-	(33.4)
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Assets fully depreciated

	-	-	-	-	-	-	-	-	-	(55.1)	(55.1)
--	---	---	---	---	---	---	---	---	---	--------	--------

At

December 31, 2017	-	96.7	1,331.0	1,318.3	212.7	1,535.4	421.0	434.8	319.1	313.2	5,982.2
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NET BOOK VALUES

At

December 31, 2017	<u>8,358.9</u>	<u>177.8</u>	<u>317.5</u>	<u>1,127.9</u>	<u>184.8</u>	<u>644.8</u>	<u>11.2</u>	<u>179.7</u>	<u>125.0</u>	<u>273.7</u>	<u>11,401.3</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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

(b) THE GROUP

	Land	Buildings on Leasehold Land and Land Improvements	Buildings	Power Plant	Building and Civil Works	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Bearer Plants	Total
	MUR'M	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, 2016											
- Cost	3,767.9	257.9	243.3	195.6	16.1	670.9	406.2	514.3	360.2	591.9	7,024.3
- Valuation	7,916.7	-	1,394.5	2,107.9	370.4	1,343.7	-	-	-	-	13,133.2
	<u>11,684.6</u>	<u>257.9</u>	<u>1,637.8</u>	<u>2,303.5</u>	<u>386.5</u>	<u>2,014.6</u>	<u>406.2</u>	<u>514.3</u>	<u>360.2</u>	<u>591.9</u>	<u>20,157.5</u>
Additions	-	16.3	87.6	38.3	7.0	102.1	7.1	70.7	29.5	70.7	429.3
Disposals/ Scrapped assets	(44.3)	(3.9)	-	-	-	(17.6)	(0.7)	(22.5)	(10.1)	-	(99.1)
Transfers	78.0	-	-	-	-	-	-	-	(0.8)	-	77.2
Revaluation adjustment (note (d))	(3,369.2)	-	(137.2)	-	-	-	-	-	-	-	(3,506.4)
Assets fully depreciated	-	-	-	-	-	-	-	-	-	(82.6)	(82.6)
Consolidation adjustment	-	-	-	4.0	-	-	-	1.4	0.2	-	5.6
At December 31, 2016											
- Cost	3,801.6	270.3	330.9	237.9	23.1	755.4	412.6	563.9	379.0	580.0	7,354.7
- Valuation	4,547.5	-	1,257.3	2,107.9	370.4	1,343.7	-	-	-	-	9,626.8
	<u>8,349.1</u>	<u>270.3</u>	<u>1,588.2</u>	<u>2,345.8</u>	<u>393.5</u>	<u>2,099.1</u>	<u>412.6</u>	<u>563.9</u>	<u>379.0</u>	<u>580.0</u>	<u>16,981.5</u>
DEPRECIATION											
At January 1, 2016	-	90.2	1,267.4	1,208.8	194.4	1,414.1	386.3	354.8	261.6	294.2	5,471.8
Charge for the year	-	3.4	30.2	54.9	9.1	68.5	17.9	56.6	27.5	80.0	348.1
Disposals/ Scrapped assets	-	(0.9)	-	-	-	(17.3)	(0.7)	(22.5)	(8.2)	-	(49.6)
Transfers	-	-	-	-	-	-	-	-	(0.4)	-	(0.4)
Assets fully depreciated	-	-	-	-	-	-	-	-	-	(82.6)	(82.6)
Consolidation adjustment	-	-	-	0.1	-	-	-	0.1	-	-	0.2
At December 31, 2016	-	92.7	1,297.6	1,263.8	203.5	1,465.3	403.5	389.0	280.5	291.6	5,687.5
NET BOOK VALUES											
At December 31, 2016	<u>8,349.1</u>	<u>177.6</u>	<u>290.6</u>	<u>1,082.0</u>	<u>190.0</u>	<u>633.8</u>	<u>9.1</u>	<u>174.9</u>	<u>98.5</u>	<u>288.4</u>	<u>11,294.0</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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

(c) Land and buildings

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

	Level 2	
	2017	2016
	MUR'M	MUR'M
Freehold land	8,358.9	8,349.1
Buildings	317.5	290.6
Power plant	1,127.9	1,082.0
Building and civil works	184.8	190.0
Factory equipment	644.8	633.8
Total	10,633.9	10,545.5

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

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

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

(d) The Group is eligible for the conversion of 480.21 arpents of agricultural land to other purposes subject to the issue of relevant permits in the context of the implementation of the following schemes under the provision of the SIE Act 2001, namely:

- (i) Voluntary Retirement Scheme/Early Retirement Scheme with 146.21 arpents.
- (ii) Closure of Beau Plan Sugar Factory with 58.49 arpents.

- (iii) Upgrading and modernization of Belle Vue Sugar Factory with 143.89 arpents.
- (iv) Setting up of CTBV Power Plant with 131.62 arpents.

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

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

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

Cost of sales
Other expenses

THE GROUP	
2017	2016
MUR'M	MUR'M
137.8	136.6
233.2	211.5
371.0	348.1

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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

(g) 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
<u>2017</u>					
Cost	3,811.4	391.3	836.5	342.0	27.1
Accumulated depreciation	-	(302.1)	(600.4)	(186.1)	(21.1)
Net book value	3,811.4	89.2	236.1	155.9	6.0
	Land MUR'M	Buildings MUR'M	Factory Equipment MUR'M	Power Plant MUR'M	Building and Civil Works MUR'M
<u>2016</u>					
Cost	3,801.6	330.8	755.4	237.9	23.1
Accumulated depreciation	-	(270.3)	(527.3)	(128.2)	(11.9)
Net book value	3,801.6	60.5	228.1	109.7	11.2

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

(i) Additions include MUR'M 1.2 (2016: MUR'M Nil) of assets leased under finance leases.

(j) Leased assets included above comprise of agricultural equipment and motor vehicles:

THE GROUP	Agricultural Equipment MUR'M	Motor Vehicles MUR'M	Total MUR'M
<u>2017</u>			
Cost - capitalised finance leases	62.3	5.9	68.2
Accumulated depreciation	(33.1)	(4.6)	(37.7)
Net book value	29.2	1.3	30.5
	Agricultural Equipment MUR'M	Motor Vehicles MUR'M	Total MUR'M
<u>2016</u>			
Cost - capitalised finance leases	62.3	4.7	67.0
Accumulated depreciation	(28.5)	(3.6)	(32.1)
Net book value	33.8	1.1	34.9

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

6. INVESTMENT PROPERTIES

	THE GROUP 2017 MUR'M	2016 MUR'M
COST		
At January 1, and December 31,	299.6	299.6
DEPRECIATION		
At January 1,	91.3	84.9
Charge for the year	6.0	6.4
At December 31,	97.3	91.3
NET BOOK VALUES		
At December 31,	202.3	208.3
Fair Value	267.7	267.7

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

	Level 3 2017 MUR'M	2016 MUR'M
December 31,		
Buildings	267.7	267.7

Fair value is based on market value and directors' valuation.

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

	THE GROUP 2017 MUR'M	2016 MUR'M
Rental income	36.8	27.9
Direct operating expenses from investment properties that generate rental income	16.3	15.3

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

7. INTANGIBLE ASSETS

(a) THE GROUP	Land Conversion Rights- Closure Costs	Brands	Goodwill	Computer Software	Legal Fees	Distribution Rights	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST							
At January 1, 2017	319.6	46.1	13.9	58.7	47.8	2.1	488.2
Additions	-	8.5	8.4	0.4	-	-	17.3
At December 31, 2017	319.6	54.6	22.3	59.1	47.8	2.1	505.5
AMORTISATION							
At January 1, 2017	-	-	-	48.2	47.8	-	96.0
Charge for the year	-	-	-	1.7	-	-	1.7
At December 31, 2017	-	-	-	49.9	47.8	-	97.7
NET BOOK VALUES							
At December 31, 2017	319.6	54.6	22.3	9.2	-	2.1	407.8

(b) THE GROUP

COST							
At January 1, 2016	319.6	46.1	13.9	45.2	47.8	2.1	474.7
Additions	-	-	-	13.7	-	-	13.7
Transfers	-	-	-	(0.2)	-	-	(0.2)
At December 31, 2016	319.6	46.1	13.9	58.7	47.8	2.1	488.2
AMORTISATION							
At January 1, 2016	-	-	-	39.6	47.8	-	87.4
Charge for the year	-	-	-	8.7	-	-	8.7
Transfers	-	-	-	(0.1)	-	-	(0.1)
At December 31, 2016	-	-	-	48.2	47.8	-	96.0
NET BOOK VALUES							
At December 31, 2016	319.6	46.1	13.9	10.5	-	2.1	392.2

(c) Amortisation charge of MUR'M 1.7 (2016: MUR'M 8.7) has been charged to other expenses.

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

(e) 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 and morcellement tax.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

8. INVESTMENT IN SUBSIDIARIES

At January 1,
Transfer from investment in associates (Note 9)
Additions
Redemption of shares
(Decrease)/increase in fair value
At December 31,

Details of subsidiaries are set out in Note 34.

9. INVESTMENT IN ASSOCIATES

(a) THE GROUP

(i) Group's share of net assets
Goodwill
At December 31,

Details of associates are set out in Note 35.

(ii) At January 1,
Transfer from investment in financial assets
Transfer from non-current receivables
Transfer to investment in subsidiaries
Additions
Share of profit after tax and minority interest
Impairment of associate
Dividend paid
Movement on reserves
At December 31,

(b) THE COMPANY

At January 1,
Additions
Reclassified to investment in subsidiaries (Note 8)
Impairment of associates
Increase/(decrease) in fair value
At December 31,

THE COMPANY	
2017 MUR'M	2016 MUR'M
13,618.2	12,966.5
-	122.2
-	4.1
(3.4)	-
(156.4)	525.4
13,458.4	13,618.2

2017 MUR'M	2016 MUR'M
2,946.9	2,639.6
299.0	372.8
3,245.9	3,012.4

2017 MUR'M	2016 MUR'M
3,012.4	2,944.1
56.9	-
-	102.9
(15.5)	-
199.4	97.6
100.5	110.6
(58.2)	(58.2)
(109.5)	(135.2)
59.9	(49.4)
3,245.9	3,012.4

2017 MUR'M	2016 MUR'M
1,020.4	1,426.6
155.9	96.5
-	(122.2)
(94.9)	(244.2)
96.5	(136.3)
1,177.9	1,020.4

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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, 2017	165.3	22.2	214.6	402.1
Transfer from/(to) associates	-	-	(46.9)	(46.9)
Disposals	(5.5)	-	-	(5.5)
Impairment	-	-	(2.9)	(2.9)
Increase in fair value	36.6	-	-	36.6
At December 31, 2017	196.4	22.2	164.8	383.4

	Available-for-sale			
	Listed Official Market MUR'M	DEM MUR'M	Unquoted MUR'M	Total MUR'M
(b) At January 1, 2016	229.4	22.2	157.8	409.4
Additions	-	-	56.8	56.8
Decrease in fair value	(64.1)	-	-	(64.1)
At December 31, 2016	165.3	22.2	214.6	402.1

(c) Available-for-sale financial assets

	Level 1 MUR'M	Level 2 MUR'M	Level 3 MUR'M	Total MUR'M
At December 31, 2017	218.6	28.1	136.7	383.4
At December 31, 2016	187.5	87.9	126.7	402.1

THE COMPANY	Available-for-sale			
	Listed Official Market MUR'M	DEM MUR'M	Unquoted MUR'M	Total MUR'M
(d) At January 1, 2017	178.9	22.2	158.3	359.4
Disposals	(7.2)	-	-	(7.2)
Increase/(decrease) in fair value	51.6	(2.7)	(7.5)	41.4
At December 31, 2017	223.3	19.5	150.8	393.6

	Available-for-sale			
	Listed Official Market MUR'M	DEM MUR'M	Unquoted MUR'M	Total MUR'M
(e) At January 1, 2016	248.2	22.2	157.4	427.8
Additions	-	-	0.9	0.9
Decrease in fair value	(69.3)	-	-	(69.3)
At December 31, 2016	178.9	22.2	158.3	359.4

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

10. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

THE COMPANY (cont'd)

(f) Available-for-sale financial assets	Level 1 MUR'M	Level 2 MUR'M	Level 3 MUR'M	Total MUR'M
At December 31, 2017	242.8	87.9	62.9	393.6
At December 31, 2016	201.1	87.9	70.4	359.4

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

(h) None of the financial assets are impaired.

(i) There were no transfers between levels.

11. NON-CURRENT RECEIVABLES

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Others loans	123.0	27.3	102.1	15.1
	123.0	27.3	102.1	15.1

12. BEARER BIOLOGICAL ASSETS

COST

At January 1 & December 31,

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

13. LAND DEVELOPMENT EXPENDITURE

	THE GROUP	
	2017 MUR'M	2016 MUR'M
At January 1,	8.6	77.9
Reclassified to non current assets classified as held for sale (Note 19)	(3.0)	-
Reclassified to liabilities directly associated with non current assets classified as held for sale	(6.5)	-
Reclassified to property, plant and equipment (Note 5)	-	(78.0)
Additions	28.3	8.7
At December 31,	27.4	8.6

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

14. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 3% / 15% / 25% (2016: 15% / 25%).

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

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
Deferred tax assets	(117.3)	(103.6)
Deferred tax liabilities	196.1	220.6
	78.8	117.0
	THE GROUP	
	2017	2016
	MUR'M	MUR'M
Unused tax losses available for offset against future taxable profits	551.2	332.8
	THE GROUP	
	2017	2016
	MUR'M	MUR'M
At January 1,	117.0	154.9
Credited to profit or loss (Note 25(b))	(32.8)	(11.5)
Credited to equity	(5.4)	(26.4)
At December 31,	78.8	117.0

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

	At January 1, 2017 MUR'M	Profit or loss MUR'M	Release to Equity MUR'M	At December 31, 2017 MUR'M
THE GROUP				
Deferred income tax liabilities				
Accelerated tax depreciation	179.5	(34.8)	(0.3)	144.4
Asset revaluations	32.2	(1.4)	(5.0)	25.8
	211.7	(36.2)	(5.3)	170.2
Deferred income tax assets				
Tax losses carried forward	5.5	(0.4)	(0.1)	5.0
Provisions for VRS costs	0.2	-	-	0.2
Retirement benefit obligations	89.0	(3.0)	0.2	86.2
	94.7	(3.4)	0.1	91.4
Net deferred income tax liabilities	117.0	(32.8)	(5.4)	78.8

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

15. INVENTORIES

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
(a) Raw materials	304.0	222.9
Finished goods	321.4	354.0
Spare parts and consumables	270.0	268.3
	895.4	845.2

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

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

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
Cost of inventories consumed	2,447.7	2,279.8

16. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
At January 1,	214.1	204.1
(Losses)/gains from changes in fair value	(115.3)	10.0
At December 31,	98.8	214.1

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

At December 31, 2017, standing canes comprised of approximately 4,921 hectares of cane plantations (2016: 4,917 hectares).

During the year, the Group harvested approximately 424,871 tonnes of canes (2016: 388,267 tonnes), which had a fair value less costs to sell of MUR'M 98.8 (2016: MUR'M 214.1) at the date of harvest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

17. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Trade receivables	1,149.0	833.2	-	-
Less: provision for impairment	(15.8)	(10.6)	-	-
Trade receivables - net	1,133.2	822.6	-	-
Sugar proceeds receivable	150.0	203.7	-	-
Molasses proceeds receivable	13.3	17.6	-	-
Bagasse proceeds receivable	5.0	4.3	-	-
Other receivables	323.8	319.7	106.4	45.5
	1,625.3	1,367.9	106.4	45.5

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

As at December 31, 2017, trade receivables of MUR'M 15.8 (2016: MUR'M 10.6) for the Group were impaired and provided for. The ageing of these receivables is as follows:

	THE GROUP	
	2017 MUR'M	2016 MUR'M
Over 6 months	15.8	10.6

As at December 31, 2017, trade receivables of MUR'M 11.0 for the Group (2016: MUR'M 13.9) 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	
	2017 MUR'M	2016 MUR'M
3 to 6 months	5.8	5.1
Over 6 months	5.2	8.8
	11.0	13.9

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	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Rupee	1,376.1	1,196.1	106.4	45.5
US Dollar	21.8	78.1	-	-
Euro	160.6	83.2	-	-
Other currencies	66.8	10.5	-	-
	1,625.3	1,367.9	106.4	45.5

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

	THE GROUP	
	2017 MUR'M	2016 MUR'M
At January 1,	10.6	13.1
Provision for impairment	7.4	2.1
Receivables written off during the year as uncollectible	(2.2)	-
Unused amount reversed	-	(4.6)
At December 31,	15.8	10.6

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

18. DERIVATIVE FINANCIAL INSTRUMENTS

THE GROUP	Contractual/ Nominal amount		Fair value (liabilities)/assets	
	2017	2016	2017	2016
	MUR'M	MUR'M	MUR'M	MUR'M
Currency swaps	117.1	268.0	(0.3)	5.1

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

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP	
	2017 MUR'M	2016 MUR'M
At January 1,	122.9	115.9
Expenditure incurred during the year	28.6	14.8
Reclassified from land development expenditure (Note 13)	3.0	-
Release to profit or loss on disposal	(107.9)	(7.8)
At December 31,	46.6	122.9

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

	THE GROUP	
	2017 MUR'M	2016 MUR'M
(a) Disposal proceeds	165.9	95.2
Liabilities directly associated with non-current assets		
(b) held-for-sale		
Accruals and provisions	7.5	2.3

20. STATED CAPITAL

	THE GROUP AND THE COMPANY 2016 & 2017	
	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 (2016: 227,545,624 shares). All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

21. REVALUATION AND OTHER RESERVES

THE GROUP	Revaluation and Other					
	Associates Reserves MUR'M	Capital Reserves MUR'M	Actuarial Losses MUR'M	Translation Reserve MUR'M	Fair Value Reserve MUR'M	Total MUR'M
(i) At January 1, 2017	(38.3)	935.8	(237.1)	14.1	(375.7)	298.8
Remeasurements of post employment benefit obligations	-	-	(29.6)	-	-	(29.6)
Deferred tax on remeasurements of post employment benefit obligations	-	-	0.2	-	-	0.2
Decrease in fair value of available-for-sale financial assets	-	-	-	-	34.5	34.5
Release upon disposal of investments	-	-	-	-	2.1	2.1
Release of deferred tax on excess depreciation over historical cost depreciation	-	1.0	-	-	-	1.0
Translation reserve movement	-	-	-	(17.1)	-	(17.1)
Transfer to investment in subsidiaries	(15.3)	15.3	-	-	-	-
Share of other comprehensive income of associates	59.9	-	-	-	-	59.9
Movements on reserves	-	8.4	-	-	-	8.4
At December 31, 2017	6.3	960.5	(266.5)	(3.0)	(339.1)	358.2
(ii) At January 1, 2016	11.1	4,402.2	(233.9)	5.2	(311.6)	3,873.0
Change in revaluation of land and buildings (Note 5(d))	-	(3,506.4)	-	-	-	(3,506.4)
Deferred tax on revaluation of buildings	-	20.6	-	-	-	20.6
Remeasurements of post employment benefit obligations	-	-	(3.8)	-	-	(3.8)
Deferred tax on remeasurements of post employment benefit obligations	-	-	0.6	-	-	0.6
Decrease in fair value of available-for-sale financial assets	-	-	-	-	(64.1)	(64.1)
Release of deferred tax on excess depreciation over historical cost depreciation	-	1.0	-	-	-	1.0
Translation reserve movement	-	-	-	8.9	-	8.9
Share of other comprehensive income of associates	(49.4)	-	-	-	-	(49.4)
Movements on reserves	-	15.7	-	-	-	15.7
Consolidation adjustment	-	2.7	-	-	-	2.7
At December 31, 2016	(38.3)	935.8	(237.1)	14.1	(375.7)	298.8

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

21. REVALUATION AND OTHER RESERVES (CONT'D)

Translation reserve

The translation reserve consists of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions that have not yet occurred and of the foreign currency differences arising from the translation of the financial statements of foreign operations.

Amalgamation reserve

Amalgamation reserve represents the excess of assets over liabilities and reserves of subsidiaries following amalgamation.

Revaluation reserve

The revaluation surplus relates to the revaluation of property, plant and equipment.

Actuarial losses

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

22. BORROWINGS

Non-current

Bank loans	346.3	345.0	-	-
Finance lease liabilities	6.7	16.4	-	-
Total non-current	353.0	361.4	-	-

Current

Bank overdrafts	123.2	201.0	13.2	9.6
Bank loans	2,211.9	1,788.4	-	-
Loans from subsidiaries	-	-	616.2	381.0
Finance lease liabilities	10.1	8.2	-	-
Total current	2,345.2	1,997.6	629.4	390.6

Total borrowings

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
(a) Breakdown of loans				
Loan in EUR	318.1	306.7	-	-
Bank loan	165.5	254.4	-	-
Other short term loans	2,074.6	1,572.3	616.2	381.0
	2,558.2	2,133.4	616.2	381.0
Less: Repayable within one year	(2,211.9)	(1,788.4)	(616.2)	(381.0)
Repayable after one year	346.3	345.0	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

22. BORROWINGS (CONT'D)

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

- after one year and before two years
- after two years and before three years
- after three years and before five years

(c) Finance lease liabilities - minimum lease payments

Not later than one year
After 1 year and before 2 years
After 2 years and before 3 years

Future finance charges
Present value of finance lease liabilities

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

Current
Not later than one year

Non Current
After 1 year and before 2 years
After 2 years and before 3 years

The rate of interest on the finance leases varies between 2.75% - 8.15% (2016: 2.75% - 9%) 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:

- After one year and before two years
Bank borrowings
Finance lease liabilities

- After two years and before three years
Bank borrowings
Finance lease liabilities

- After three years and before five years
Bank borrowings
Finance lease liabilities

Total

(e) The rates of interest on MUR loans and other short term loans vary from 1.85% to 6.25% (2016: 2.75% to 6.65%) annually and on foreign currency loans - EUR from 4.20% to Libor 1 month + 4.25% (2016: 4.20% to Libor 1 month + 4.25%) annually.

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

THE GROUP	
2017 MUR'M	2016 MUR'M
60.5	93.0
191.5	60.5
94.3	191.5
346.3	345.0
THE GROUP	
2017 MUR'M	2016 MUR'M
10.6	10.0
5.9	10.0
1.0	5.9
17.5	25.9
(0.7)	(1.3)
16.8	24.6
2017 MUR'M	2016 MUR'M
10.1	8.2
5.8	9.3
0.9	7.1
6.7	16.4

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

23. RETIREMENT BENEFIT OBLIGATIONS

Amount recognised in the statement of financial position:

Defined pension benefits
Other post retirement benefits

Amount charged to profit or loss:
- Defined pension benefits
- Other post retirement benefits

Amount charged to other comprehensive income:
- Defined pension benefits
- Other post retirement benefits

(a) Defined pension benefits

(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 a pension arrangement with Swan Life Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2017 by Swan Life Ltd. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

Present value of funded obligations
Fair value of plan assets

Present value of unfunded obligations
Liability in the statement of financial position

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

At January 1,
Charged to profit or loss
Charged to other comprehensive income
Employer's contributions
Contribution paid
At December 31,

THE GROUP	
2017 MUR'M	2016 MUR'M
645.9	586.2
13.7	11.1
659.6	597.3
64.1	63.2
1.0	0.6
65.1	63.8
30.5	12.4
1.6	0.2
32.1	12.6

THE GROUP	
2017 MUR'M	2016 MUR'M
1,088.4	1,062.1
(614.3)	(617.0)
474.1	445.1
171.8	141.1
645.9	586.2

THE GROUP	
2017 MUR'M	2016 MUR'M
586.2	584.8
64.1	63.8
30.5	12.6
(34.9)	(24.0)
-	(51.0)
645.9	586.2

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

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

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
At January 1,	1,200.1	1,180.6
Current service cost	27.1	20.5
Interest cost	71.3	82.0
Employee's contribution	1.9	2.3
Actuarial losses/(gains)	57.7	(11.5)
Benefits paid	(97.9)	(73.8)
At December 31,	1,260.2	1,200.1

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

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
At January 1,	617.0	597.2
Interest income	35.1	41.8
Actuarial losses/(gains)	18.6	(23.6)
Employers' contributions	40.3	65.9
Employee contributions	1.9	2.3
Scheme expenses	(1.2)	(0.7)
Benefits paid	(97.9)	(63.5)
Cost of insuring risk benefits	0.5	(2.4)
At December 31,	614.3	617.0

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

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
Current service cost	27.1	20.5
Scheme expense	1.2	0.7
Cost of insuring risk benefits	2.2	2.4
Interest expense	36.2	40.2
Contributions by employer	(2.6)	-
Total included in employee benefit expense	64.1	63.8

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

	THE GROUP	
	2017	2016
	MUR'M	MUR'M
Remeasurement on the net defined benefit liability:		
Losses/(gains) on pension scheme assets	18.6	(23.6)
Experience (losses)/gains on the liabilities	(30.7)	37.0
Changes in assumption underlying the present value of the scheme	42.6	(26.0)
Actuarial losses recognised in OCI	30.5	(12.6)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (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	
	2017	2016
	MUR'M	MUR'M
Local equities	115.2	115.8
Overseas equities	139.4	122.7
Fixed interest and properties	290.5	231.2
Qualifying insurance policies	69.2	147.3
Total market value of assets	614.3	617.0

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	
	2017	2016
Discount rate	5.0%	6.0%
Future salary growth rate	3.5% - 3.6%	3.5% - 5.5%
Future pension growth rate	1.0%	1.0%

Sensitivity analysis on defined benefit obligations at end of the reporting date:	Increase	Decrease
	MUR'M	MUR'M
December 31, 2017		
(ix) Discount rate (1% movement)	53.7	116.4

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 occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

(x) The defined benefit pension plan exposes the company to actuarial risks, such as longevity risks, currency risk, interest rate risk and market risk.

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

(xii) The Group is expected to contribute MUR'M 55.9 to the pension scheme for the year ending December 31, 2018.

(xiii) The actual return of the total assets for the year 2017 is MUR'M 53.2 (2016: MUR'M 18.4).

(xiv) The weighted average duration of the defined benefit obligation is 10 years at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other post retirement benefits

Other post-retirement benefits relate mainly to gratuities on death and on retirement that are based on length of service and salary at date of death or retirement.

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

	THE GROUP	
	2017 MUR'M	2016 MUR'M
Movement in the other post retirement benefits		
At January 1,	11.1	9.2
Charged to profit or loss	1.6	0.6
Charged to other comprehensive income	1.0	1.3
At December 31,	13.7	11.1

It has been assumed that the rate of future salary increases will be equal to the discount rate.

24. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Trade creditors	471.3	382.6	-	-
Provision for compensation payments for centralisation in accordance with the Blue Print provisions	71.2	64.3	-	-
Provision for VRS costs	0.2	1.0	-	-
Amounts due to subsidiaries	-	-	0.7	7.7
Other payables and accruals	298.8	380.9	4.4	4.7
	841.5	828.8	5.1	12.4

25. TAXATION

(a) Liability in the statements of financial position

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
At January 1,	29.9	28.8	-	0.3
Additions through business combinations	1.2	-	-	-
(Over)/under provision in previous years	(6.9)	5.5	-	(0.3)
Tax adjustments relating to prior years	-	(0.6)	-	-
Consolidation adjustment	4.2	0.2	-	-
Tax recovered	-	-	-	-
Tax paid on account	(34.9)	(47.5)	-	-
	(6.5)	(13.6)	-	-
Current tax on the adjusted profits for the year @ 3% / 15% / 25% (2016: 15% / 30%)	54.2	71.8	0.7	0.2
Tax paid	(27.1)	(28.3)	-	-
At December 31,	20.6	29.9	0.7	0.2

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

25. TAXATION (CONT'D)

(b) Charge in profit or loss

Current tax on the adjusted profits for the year at 3% / 15% / 25% (2016: 15% / 30%)
(Over)/under provision in previous years
Tax adjustments relating to prior years
Deferred taxation (note 14)
Charge for the year

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Current tax on the adjusted profits for the year at 3% / 15% / 25% (2016: 15% / 30%)	56.0	71.8	0.7	0.2
(Over)/under provision in previous years	(6.9)	5.5	-	(0.3)
Tax adjustments relating to prior years	-	(0.6)	-	-
Deferred taxation (note 14)	(32.8)	(11.5)	-	-
Charge for the year	16.3	65.2	0.7	(0.1)

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	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Profit before taxation and after associates' results	260.6	433.4	170.0	16.4
Tax calculated at a rate of 3% / 15% / 25% (2016: 15% / 30%)	91.0	125.1	25.5	2.5
Income not subject to tax	(55.0)	(81.6)	(45.3)	(44.0)
Expenses not deductible for tax purposes	16.3	27.4	20.5	33.0
Foreign tax credit	-	(10.6)	-	-
(Over)/under provision in previous years	(6.9)	5.5	-	(0.3)
Tax adjustments relating to prior years	2.1	(0.6)	-	-
Effect on changes in tax rate in deferred tax liabilities	(31.2)	-	-	-
	16.3	65.2	0.7	(8.8)

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Interest income	11.4	12.3	1.9	1.4
Dividend income	28.3	6.3	-	-
Investment income	39.7	18.6	1.9	1.4
Profit on disposal of property, plant and equipment/ non-current assets held for sale	167.8	65.0	-	-
Others	80.3	55.2	-	1.0
	287.8	138.8	1.9	2.4

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

27. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
The profit before finance costs is arrived at after:				
Crediting:				
Rental of land and buildings	128.3	80.6	-	-
Profit on sale of property, plant and equipment/ non-current assets held for sale	167.8	65.0	-	-
and charging:				
Depreciation on property, plant and equipment				
- owned assets	367.6	340.6	-	-
- leased assets	3.4	7.5	-	-
Depreciation on investment properties	6.0	6.4	-	-
Amortisation of intangible assets	1.7	8.7	-	-
Loss on sale of investments	4.8	-	-	-
Employee benefit expense (Note 27(a))	922.7	982.2	-	-

(a) Employee benefit expense

Wages, salaries and other costs	
Pension costs	

THE GROUP	
2017 MUR'M	2016 MUR'M
855.8	925.6
66.9	56.6
922.7	982.2

28. EXPENSE BY NATURE

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Depreciation and amortisation	378.7	363.2	-	-
Raw materials and consumables used	2,447.7	2,279.8	-	-
Employee benefit expense	922.7	982.2	-	-
Cultivation and irrigation expenses	297.0	155.1	-	-
Others	962.2	769.2	17.5	18.8
Total cost of sales, administrative expenses, distribution costs and other expenses	5,008.3	4,549.5	17.5	18.8

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Net foreign exchange gain	(1.1)	(13.7)	-	-
Interest expense:				
- Bank overdrafts	1.2	8.0	-	-
- Loans repayable by instalments	13.4	16.2	-	-
- Other loans not repayable by instalments	86.9	68.3	17.1	16.7
	101.5	92.5	17.1	16.7
Total	100.4	78.8	17.1	16.7

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

30. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Profit attributable to equityholders	85.5	219.3	169.3	16.5
Number of ordinary shares in issue	227.5	227.5	227.5	227.5
Basic earnings per share	MUR 0.38	0.96	0.74	0.07

31. DIVIDENDS

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
At January 1,	-	-	-	-
Final ordinary declared - 85 cents per share (2016: 85 cents)	193.4	193.4	193.4	193.4
Dividends paid during the year	(193.4)	(193.4)	(193.4)	(193.4)
At December 31,	-	-	-	-

32. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	THE GROUP			
	At January 1, 2017 MUR'M	Cash flows MUR'M	Non-cash changes Acquisition MUR'M	At December 31, 2017 MUR'M
Long-term borrowings	516.1	(391.5)	-	141.8
Lease liabilities	9.6	(9.0)	1.2	2.3
Total liabilities from financing activities	525.7	(400.5)	1.2	144.1

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Cash in hand and at bank	174.8	337.3	21.1	9.5
Bank overdrafts	(123.2)	(201.0)	(13.2)	(9.6)
	51.6	136.3	7.9	(0.1)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

33. BUSINESS COMBINATIONS

Acquisition of subsidiary

Providence Warehouse Co. Ltd

On December 31, 2016, Grays Inc, a subsidiary of the Company, held 25% of the share capital of Providence Warehouse Co. Ltd for MUR 4,186,029. On May 08, 2017, Grays Inc acquired a further 25% of the share capital for MUR 23,893,174 and obtained the control of Providence Warehouse Co. Ltd, whose main activities are the sales of imported wines and spirits.

The goodwill of MUR 8,424,903 arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Providence Warehouse Co. Ltd and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in Providence Warehouse Co. Ltd.

	MUR
Consideration	
At May 08, 2017	
Cash	23,893,173
Total consideration transferred	23,893,173
Fair value of equity interest in Providence Warehouse Co. Ltd held before the business combination	15,468,270
Non-controlling interest	30,936,540
Total consideration	70,297,983
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,619,491
Property, plant and equipment	9,009,020
Inventories	32,860,118
Investment in subsidiary	7,441,540
Trade and other receivables	57,552,217
Trade and other payables	(44,933,665)
Borrowings	(1,595,638)
Current tax liabilities	(1,080,003)
Total identifiable net assets	61,873,080
Goodwill	8,424,903
Net cash outflow on acquisition of subsidiary	
Consideraton paid in cash	23,893,173
Less: cash and cash equivalent balances acquired	(2,619,491)
	21,273,682

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

34. SUBSIDIARIES

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

	Type of shares held	Stated capital MUR	2017		% held by non-controlling interests	2016		% held by non-controlling interests	Activity
			% holding	% held by other group companies		% holding	% held by other group companies		
Terra Milling Ltd	Ordinary	56,657,480	-	80.00	20.00	-	80.00	20.00	Sugar
Terragen Ltd	Ordinary	520,523,500	-	51.00	49.00	-	51.00	49.00	Energy
Terra Brands Ltd	Ordinary	24,342,000	100.00	-	-	100.00	-	-	Investment
Grays Inc. Ltd	Ordinary	83,280,000	-	74.00	26.00	-	74.00	26.00	Commercial
Grays Uganda	Ordinary	72,520,000	-	95.00	5.00	-	95.00	5.00	Commercial
Grays Distilling Ltd	Ordinary	20,738,000	-	66.67	33.33	-	66.67	33.33	Manufacturing
Terra Services Ltd	Ordinary	25,000	100.00	-	-	100.00	-	-	Services
Ivoirel Limitée	Ordinary	35,130,000	100.00	-	-	100.00	-	-	Investment
Sagiterra Ltd	Ordinary	25,000	100.00	-	-	100.00	-	-	Property management
Société Proban	Parts	8,100,000	83.34	-	16.66	83.34	-	16.66	Investment
Eco-Energy	Ordinary	3,000,000	-	80.00	20.00	-	80.00	20.00	Commercial
Terra Foundation	Ordinary	10,000	100.00	-	-	100.00	-	-	Social activities
Fondation Nemours Harel	Ordinary	10,000	75.00	-	25.00	75.00	-	25.00	Cultural activities
Société Evapo	Parts	16,525,000	-	66.67	33.33	-	66.67	33.33	Investment holding
Terrarock Ltd	Ordinary	15,000,000	-	54.00	46.00	-	54.00	46.00	Manufacturing
Terragri Ltd	Ordinary	722,455,070	100.00	-	-	100.00	-	-	Sugar/Real Estate
Terra Finance Ltd	Ordinary	500,000	100.00	-	-	100.00	-	-	Treasury
Terravest Holding Ltd	Ordinary	122,178,926	100.00	-	-	100.00	-	-	Investment
Sugarworld Limited	Ordinary	45,238,456	95.24	-	4.76	95.24	-	4.76	Commercial
Les Chais de L'Isle de France Ltée	Ordinary	3,000,000	-	100.00	-	-	100.00	-	Commercial
Terralogic Ltd	Ordinary	4,500,000	-	100.00	-	-	100.00	-	Computer/ICT
Aceter Global Ltd	Ordinary	8,500,000	88.12	-	11.88	88.12	-	11.88	Fund management
Terragen Management Ltd	Ordinary	100,000	-	61.75	38.25	-	61.75	38.25	Services
AG Holdings Ltd	Ordinary	25,000	-	100.00	-	-	100.00	-	Fund management
Intendance Holding Ltd	Ordinary	1,647,700	100.00	-	-	100.00	-	-	Investment holding
Beau Plan Cellar Ltd	Ordinary	10,000,000	-	100.00	-	-	-	-	Manufacturing
Providence Warehouse Co. Ltd	Ordinary	28,079,202	-	50.00	50.00	-	-	-	Commercial

- (a) These subsidiaries are incorporated in Mauritius. They also operate in Mauritius except for the following subsidiaries:
- (i) Ivoirel Limitée, whose country of operation is Côte d'Ivoire;
 - (ii) Grays Uganda, whose country of operation is Uganda; and
 - (iii) Providence Warehouse Co. Ltd, whose country of operation is Seychelles.

(b) Subsidiaries with material non-controlling interests

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

Name	Profit allocated to Non-controlling interests during the year	Accumulated Non-controlling interests at Dec 31,
	2017 MUR'M	2016 MUR'M
Terragen Ltd	114.3	779.1
Terra Milling Ltd	4.5	89.7
Grays Inc Ltd	14.8	101.4
2016		
Terragen Ltd	96.0	752.3
Terra Milling Ltd	10.9	90.3
Grays Inc Ltd	22.5	97.6

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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:

Name	Current		Non-current		Revenue	Profit/ (loss) from continuing operations	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interests
	assets	liabilities	assets	liabilities	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
<u>2017</u>									
Terragen Ltd	594.5	1,492.6	313.1	206.9	1,355.2	211.6	(4.8)	206.8	(85.8)
Terra Milling Ltd	312.0	896.3	374.1	385.2	527.9	22.3	(26.0)	(3.7)	-
Grays Inc Ltd	931.8	190.2	657.7	118.3	1,903.2	14.8	5.7	20.5	(2.8)
<u>2016</u>									
Terragen Ltd	556.9	1,440.7	260.9	201.4	1,141.0	195.9	(5.1)	190.8	(85.8)
Terra Milling Ltd	284.1	905.1	311.8	426.1	601.4	54.6	17.7	72.3	-
Grays Inc Ltd	983.4	145.7	640.8	112.8	1,858.2	86.5	(23.8)	62.7	(13.0)

(ii) Summarised cash flow information:

Name	Net increase/ (decrease) in			
	Operating activities	Investing activities	Financing activities	cash and cash equivalents
<u>2017</u>				
Terragen Ltd	217.8	(137.8)	(175.0)	(95.0)
Terra Milling Ltd	65.2	(51.7)	(6.9)	2.0
Grays Inc Ltd	141.0	49.3	(134.9)	55.4
<u>2016</u>				
Terragen Ltd	326.8	(74.8)	(175.0)	77.0
Terra Milling Ltd	207.3	(45.5)	(159.8)	2.0
Grays Inc Ltd	(11.9)	(33.3)	30.0	(15.2)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

35. ASSOCIATES

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

<u>2017</u>	Assets MUR'M	Liabilities MUR'M	Revenues MUR'M	Profit/(loss) MUR'M	% holding	Financial period ended
Alcohol & Molasses Export Ltd	35.2	15.2	55.7	(8.8)	41.87	June 30,
Anytime Investment Ltd	0.1	0.1	-	-	24.50	June 30,
Coal Terminal (Management) Co Ltd	25.4	24.7	70.5	(2.2)	15.43	December 31,
Horus Ltée	166.9	2.0	-	17.1	50.00	June 30,
Swan General Ltd	4,859.1	2,022.0	1,448.3	236.6	34.03	December 31,
New Fabulous Investment Ltd	0.1	0.1	-	-	24.50	June 30,
New Goodwill Co. Ltd	352.2	152.7	997.1	93.9	33.33	June 30,
Rehm Grinaker Construction Co. Ltd	1,107.8	1,089.9	1,181.2	-	35.49	June 30,
Rehm Grinaker Properties Co Ltd	169.7	97.2	7.0	3.1	35.49	June 30,
Topterra Ltd	94.0	59.3	9.4	(1.7)	50.00	June 30,
Commada Ltd	298.5	144.8	-	-	50.00	December 31,
Distillerie de Bois Rouge Ltd	4.3	10.5	-	-	33.33	July 31,
Sucrivoire S.A	2,888.9	806.6	3,482.0	195.1	25.50	December 31,
United Investment Limited	3,622.0	1,384.1	34.6	(144.7)	29.03	June 30,
Terravest Limited	337.2	237.5	445.6	8.1	26.67	December 31,
Thermal Valorisation Co Ltd	908.6	625.3	25.1	(13.5)	34.99	December 31,
Belle Vue Rum Ltd	19.1	12.4	11.3	2.1	50.00	December 31,
Inside Equity Fund	94.7	16.5	-	(32.5)	38.97	December 31,
Inside Capital Partners Ltd	11.2	10.2	18.4	(14.5)	24.50	December 31,
Payment Express Ltd	178.9	78.1	47.8	(7.2)	27.80	June 30,
Beau Plan Campus Ltd	489.1	254.5	-	-	40.00	December 31,

(b) For associates with year ended June 30 and July 31, the Management accounts at December 31, 2017, have been used to calculate the share of profit and net assets.

The Group accounts for its investments in Coal Terminal (Management) Co Ltd as associate although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation on the Board of directors of these associated companies.

During the year, there has been transfer of investment in Providence Warehouse Co Ltd from associate to subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

35. ASSOCIATES (CONT'D)

(c) Summarised financial information in respect of each of the material associates is set out below.

2016	Assets MUR'M	Liabilities MUR'M	Revenues MUR'M	Profit/(loss) MUR'M	% holding 2016	Financial period ended
Alcohol & Molasses Export Ltd	157.6	98.1	282.9	50.0	41.87	June 30,
Anytime Investment Ltd	56.5	-	-	-	24.50	June 30,
Coal Terminal (Management) Co Ltd	27.8	24.5	66.8	0.7	15.43	December 31,
Providence Warehouse Co Ltd	115.5	60.6	258.0	16.1	18.50	December 31,
Horus Ltée	108.6	1.9	-	-	50.00	June 30,
Swan General Ltd	4,173.7	2,130.3	1,256.5	221.5	34.03	December 31,
Les Domaines de Mauricia Ltée	5.7	4.3	-	-	50.00	December 31,
New Fabulous Investment Ltd	56.5	-	-	-	24.50	June 30,
New Goodwill Co. Ltd	285.8	106.6	1,795.9	96.7	33.33	June 30,
Rehm Grinaker Construction Co. Ltd	963.1	917.7	1,382.4	(161.1)	35.49	June 30,
Rehm Grinaker Properties Co Ltd	169.5	106.3	14.4	2.9	35.49	June 30,
Topterra Ltd	112.3	81.0	28.9	(1.1)	50.00	June 30,
Commada Ltd	306.9	136.2	-	5.9	50.00	December 31,
Distillerie de Bois Rouge Ltd	4.2	9.5	-	-	33.33	July 31,
Sucrivoire S.A	4,586.2	1,759.0	3,037.8	245.5	25.50	December 31,
United Investment Limited	3,365.2	1,451.2	40.3	(105.7)	29.03	June 30,
Terravest Limited	344.0	231.2	427.5	11.0	27.70	December 31,
Thermal Valorisation Co Ltd	811.6	514.7	-	2.5	34.99	December 31,
Belle Vue Rum Ltd	7.0	2.4	3.4	(0.3)	50.00	December 31,
Inside Equity Fund	80.3	5.6	-	(1.7)	47.85	December 31,
Inside Capital Partners Ltd	7.8	1.7	-	(20.1)	33.33	December 31,
Payment Express Ltd	75.7	68.5	68.8	(3.9)	26.00	June 30,

For associates with year ended June 30 and July 31, the management accounts at December 31, 2016, 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.

36. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	THE GROUP	
	2017 MUR'M	2016 MUR'M
Property, plant and equipment	97.6	52.3

37. ULTIMATE HOLDING ENTITY

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

38. RELATED PARTY TRANSACTIONS

(i) THE GROUP

2017

Associates

Key management personnel

Enterprises with common
directors

Remuneration MUR'M	Purchases of services MUR'M	Sales of services and others MUR'M	Management fees receivable MUR'M	Throughput and storage fees payable MUR'M	Amount receivable MUR'M
-	67.3	-	14.4	16.8	7.4
103.7	-	-	-	-	-
-	188.3	178.6	-	-	-

2016

Associates

Key management personnel

Enterprises with common
directors

Remuneration MUR'M	Purchases of services MUR'M	Sales of services and others MUR'M	Management fees receivable MUR'M	Throughput and storage fees payable MUR'M	Amount receivable MUR'M
-	36.3	-	18.7	14.4	7.1
136.6	-	-	-	-	-
-	78.8	178.8	-	-	-

(ii) THE COMPANY

2017

Associates

Key management personnel

Subsidiaries

Remuneration MUR'M	Amount receivable MUR'M	Amount payable MUR'M
-	44.2	-
-	-	-
-	61.3	616.7

2016

Associates

Key management personnel

Subsidiaries

Remuneration MUR'M	Amount receivable MUR'M	Amount payable MUR'M
-	37.9	-
2.4	-	-
-	0.3	385.8

(iii) Key management personnel

Salaries and short term employee benefits
Other benefits

THE GROUP		THE COMPANY	
2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
97.8	128.1	-	-
5.9	5.5	-	-
103.7	133.6	-	-

(iv) The transactions to and from related parties are made at normal market prices. There has been no guarantees provided or received for any related party receivables or payables and outstanding balances at year end are unsecured. For the year ended December 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2016 : 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

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 thereof of alcohol produced from molasses and sold in Mauritius. The agreement was terminated in 2000. There is currently a dispute over the compensation payable upon termination to two partners, who are claiming MUR 58.4 million from the other partners, (including a subsidiary of the Group). A ruling was delivered in August 2012 by the Judge of the Commercial Court to the effect that the matter should be referred to arbitration. However, the parties have given notice of appeal of that judgement. The appeal was called in March 2014, when some points of laws were raised. On November 20, 2014, arguments were heard on the points of law and the judge has delivered his ruling on December 11, 2015, allowing the appeal to procede. The appeal was heard on February 22, 2017 and the Court has reserved its ruling.

(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 130.0 million in respect of breach of contract. The court case is still ongoing.

(iii) Irrigation Authority

There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to 2016 amounting to MUR 40.6 million. 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

A settlement has been reached concerning several appeals made in relation to assessments made by the Registrar General for a total amount of MUR 650,610 million following sales of lands. There is no pending case concerning the Registrar General.

(v) Dissenting shareholders

Following the special meeting of Harel Frères Limited (now Terragri Ltd) held on November 23, 2011 at which the shareholders of Terragri Ltd approved a scheme of arrangement under sections 261 to 264 of the Companies Act 2001 (the “Scheme”) pursuant to which the shares of Terragri Ltd were, on January 01, 2012, exchanged for shares of Terra Mauricia Ltd (“Terra”) in the ratio of 1:1, that is one (1) ordinary share of Terra for one (1) ordinary share of Terragri Ltd, certain dissenting shareholders (the “Dissenting Shareholders”), representing some 6.4% of the share capital have initiated legal proceedings against Terragri Ltd and Terra. The Dissenting Shareholders claim that they have been unfairly prejudiced by the Scheme and have applied for an order of the court requiring the buy back of their shares at fair value or the payment of compensation in a sum in excess of MUR 64 per share held by them. Terragri Ltd and Terra have been advised that the claim of the Dissenting Shareholders is misconceived. Counsel has further opined that the claim amounts to an abuse of process of the court. The claim of the Dissenting Shareholders has been resisted both by Terragri Ltd and Terra. The matter has been heard by the Bankruptcy Division of the Supreme Court of Mauritius and a judgement was issued on February 11, 2014. The Supreme Court dismissed the applications with costs and confirmed that the claim amounted to an abuse of the process of the court. Some of the dissenting shareholders have given notice of appeal, which is being resisted. The appeal, which was scheduled to be heard on May 25, 2015 has been postponed to July 11, 2016, to June 19, 2017 to January 15, 2018 and then to July 02, 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

39. CONTINGENT LIABILITIES (CONT'D)

(a) Court cases (cont'd)

(vi) The Mauritius Revenue Authority (MRA)

In October 2011 the MRA raised assessments totaling MUR 30.9 million in respect of corporate tax on Mauricia Limitée which was subsequently amalgamated with Terragri Ltd (formerly Harel Frères Limited). An amount of MUR 9.3 million, representing the statutory 30% payment, was paid when objections were made against the assessments. Following the decision of the Alternative Tax Dispute Resolution Panel held on February 27, 2018, a final agreement was reached. Both parties agreed that the downpayment of MUR 9.3 million represented the revised tax payable including penalties and interests. Since the said amount had already been paid, no further tax was due.

(vii) Breach of contract

A subsidiary has claimed an amount of MUR 1.8 million to one of its clients in respect of overdue selling fees. The client has submitted a counterclaim of MUR 60 milliom to the subsidiary for breach of contract and damages. The dispute is still pending.

Following the termination of a transport contract by a subsidiary, a supplier has claimed MUR 6 million to the former for breach of contract. The case is still ongoing.

(b) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR'M 166.0 (2016: MUR'M 323.3) as at December 31, 2017.

(c) Letters of comfort

In the ordinary course of business, the Company has provided letters of comfort and undertaking in favour of commercial banks in Mauritius in respect of short term banking facilities availed by its wholly owned subsidiary, Terra Finance Ltd.

As at December 31, 2017, the total comfort provided in respect of the short term banking facilities amounted to MUR 5.3 billion (2016: MUR 4.5 billion) out of which total utilisation amounted to MUR 2.1 billion (2016: MUR 1.5 billion).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

40. SEGMENT INFORMATION

(a) Year ended December 31, 2017

	Sugar MUR'M	Energy MUR'M	Brands MUR'M	Property MUR'M	Others MUR'M	Total MUR'M
Total segment revenues	1,133.4	1,356.9	2,285.4	193.7	290.9	5,260.3
Intersegment sales	(43.5)	(16.9)	-	(23.0)	(89.6)	(173.0)
Revenues from external customers	<u>1,089.9</u>	<u>1,340.0</u>	<u>2,285.4</u>	<u>170.7</u>	<u>201.3</u>	<u>5,087.3</u>
Segment profit	(168.3)	282.7	116.8	108.5	(21.0)	318.7
Finance costs	(23.1)	(4.4)	(12.6)	(2.4)	(57.9)	(100.4)
(Loss)/Profit after finance costs	(191.4)	278.3	104.2	106.1	(78.9)	218.3
Share of results of associates	49.8	(4.7)	30.4	-	(33.2)	42.3
(Loss)/Profit before taxation	(141.6)	273.6	134.6	106.1	(112.1)	260.6
Taxation	41.0	(37.0)	(9.3)	(2.4)	(8.6)	(16.3)
(Loss)/Profit after taxation	(100.6)	236.6	125.3	103.7	(120.7)	244.3
Non-controlling interests						(158.8)
Profit attributable to equity holders of the company						<u>85.5</u>

Year ended December 31, 2016	Sugar MUR'M	Energy MUR'M	Brands MUR'M	Property MUR'M	Others MUR'M	Total MUR'M
Total segment revenues	1,349.7	1,141.0	2,071.6	141.1	308.2	5,011.7
Intersegment sales	(39.5)	(13.4)	-	(12.9)	(85.4)	(151.2)
Revenues from external customers	<u>1,310.3</u>	<u>1,127.6</u>	<u>2,071.6</u>	<u>128.2</u>	<u>222.8</u>	<u>4,860.5</u>
Segment (loss)/profit	45.0	264.9	112.3	39.7	(2.1)	459.8
Finance (costs)/income	(20.6)	(2.9)	(9.8)	(7.3)	(38.2)	(78.8)
(Loss)/Profit after finance costs	24.3	262.0	102.5	32.5	(40.3)	381.0
Share of results of associates	62.6	-	37.9	-	(48.1)	52.4
Profit before taxation	86.9	262.0	140.4	32.5	(88.4)	433.4
Taxation	3.6	(42.2)	(15.0)	(2.0)	(9.6)	(65.3)
Profit after taxation	90.5	219.8	125.4	30.5	(98.0)	368.2
Non-controlling interests						(148.9)
Profit attributable to equity holders of the company						<u>219.3</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

40. SEGMENT INFORMATION (CONT'D)

(b) Year ended December 31, 2017

	Sugar MUR'M	Energy MUR'M	Brands MUR'M	Property MUR'M	Others MUR'M	Group MUR'M
Interest revenue	0.2	0.5	-	-	10.7	11.4
Interest expense	(22.8)	(4.4)	(13.1)	(2.3)	(58.9)	(101.5)
Cost of sales	(1,060.8)	(987.2)	(1,688.7)	(22.7)	(116.3)	(3,875.7)
Segment assets	8,594.8	1,966.8	1,536.6	2,389.2	533.0	15,020.4
Associates	801.7	99.2	83.0	99.4	2,162.6	3,245.9
Other assets	71.0	28.0	-	74.0	317.3	490.3
Segment liabilities	585.8	220.0	411.8	77.5	206.0	1,501.1
Borrowings	505.7	70.0	500.1	3.5	1,618.9	2,698.2
Other liabilities	10.2	191.9	5.8	8.8	4.3	221.0
Capital expenditure	174.6	124.3	103.2	60.2	15.4	477.7
Depreciation and amortisation	(184.9)	(75.5)	(48.7)	(46.0)	(23.6)	(378.7)

Year ended December 31, 2016	Sugar MUR'M	Energy MUR'M	Brands MUR'M	Property MUR'M	Others MUR'M	Group MUR'M
Interest revenue	1.5	0.5	9.3	-	1.0	12.3
Interest expense	(23.1)	(2.9)	(9.8)	(7.3)	(49.4)	(92.5)
Cost of sales	(1,072.6)	(790.8)	(1,525.2)	(25.2)	(121.4)	(3,535.2)
Segment assets	8,816.3	1,871.0	1,311.4	2,293.0	402.0	14,693.7
Associates	720.9	-	87.8	-	2,203.7	3,012.4
Other assets	80.8	21.6	-	179.9	360.0	642.3
Segment liabilities	274.3	203.8	361.1	83.9	503.0	1,426.1
Borrowings	459.8	-	482.9	-	1,416.3	2,359.0
Other liabilities	42.0	188.5	8.1	3.1	11.1	252.8
Capital expenditure	251.5	74.1	68.3	-	49.1	443.0
Depreciation and amortisation	(230.6)	(71.6)	(42.7)	-	(18.3)	(363.2)

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
Property	- Rental of properties and property development services
Others	- Management and manufacture and sale of building materials, none of which constitute a separately reportable segment

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, cash and cash equivalents and receivables and exclude investments in associates and others.

Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Year Ended December 31, 2017

40. SEGMENT INFORMATION (CONT'D)

(c) Geographical segments

The Group's five business segments are managed locally and operate in the following main geographical areas:

	Sales		Total assets		Capital expenditure	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Mauritius	5,087.3	4,860.5	17,983.3	17,639.6	477.7	443.0
Côte d'Ivoire	-	-	773.4	767.0	-	-
	5,087.3	4,860.5	18,756.7	18,406.6	477.7	443.0

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.

Analysis of sales	THE GROUP		THE COMPANY	
	2017 MUR'M	2016 MUR'M	2017 MUR'M	2016 MUR'M
Sale of sugar, molasses and bagasse	474.0	1,173.1	-	-
Sale of electricity	1,355.2	1,127.6	-	-
Sale of goods	3,185.4	2,470.3	-	-
Revenue from services	72.7	89.5	-	-
Dividend income	-	-	302.0	293.7
	5,087.3	4,860.5	302.0	293.7

For revenue recognition see Note 2.26.

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

	THE GROUP	
	2017 MUR'M	2016 MUR'M
Compensation from the SIFB	67.2	-

THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES THE GROUP

STATEMENT OF PROFIT OR LOSS

Turnover

Profit before taxation, exceptional items and associates' results
Reversal of impairment of associate
Share of results of associates
Taxation
Profit after taxation

Profit attributable to:
Owners of the parent
Non Controlling interests

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit after taxation
Other comprehensive income for the year net of tax
Total comprehensive income

Total comprehensive income attributable to:
Owners of the parent
Non controlling interests

Percentage of profit on shareholders' interest (%)
Earnings per share (MUR)
Dividends proposed and paid
Dividend per share (MUR)
Dividend cover (times)
Net assets per share (MUR)
Weighted number of ordinary shares used in calculation (M)

Number of ordinary shares at end of year (M)

STATEMENTS OF FINANCIAL POSITION

Non-current assets
Current assets
Non-current assets classified as held-for-sale
Total assets

Owners' interest
Non Controlling interests
Non-current liabilities
Current liabilities
Liabilities directly associated with non-current assets held for sale
Total equity and liabilities

THE GROUP		
2017 MUR'M	2016 MUR'M	2015 MUR'M
5,087.3	4,860.5	4,282.7
218.3	381.0	331.0
-	-	166.1
42.3	52.4	287.0
(16.3)	(65.2)	(57.7)
244.3	368.2	726.4
85.5	219.3	597.1
158.8	148.9	129.3

244.3	368.2	726.4
28.3	(3,599.0)	(50.5)
272.6	(3,230.8)	675.9
120.2	(3,374.3)	556.3
152.4	143.5	119.6
272.6	(3,230.8)	675.9

0.6	1.6	3.5
0.38	0.96	2.62
193.4	193.4	193.4
0.9	0.9	0.9
0.4	1.1	3.1
58.3	58.5	74.1
227.5	227.5	227.5

227.5	227.5	227.5
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15,915.8	15,455.9	18,972.0
2,794.3	2,769.6	2,401.1
46.6	122.9	115.9
18,756.7	18,348.4	21,489.0

13,258.3	13,306.8	16,855.1
1,074.6	1,003.7	975.1
1,208.7	1,179.3	1,281.7
3,207.6	2,856.3	2,375.2
7.5	2.3	1.9
18,756.7	18,348.4	21,489.0



ADMINISTRATIVE

Companies (pursuant to section 221 of the Companies Act 2001)

[illegible]

- X In office at 31 December 2017
- Ceased to hold office during the year ended 31 December 2017

Effective Holding	Date of Acquisition by the Group	Classification of Activities	TERRA MAURICIA LTD			
100%	2012	1 & 2	⊖ 100%	TERRAGRI LTD		
40.00%	2016	8	⊖ 40.00%	BEAU PLAN CAMPUS LTD		
100%	2017	10	⊖ 100%	BEAU PLAN DEVELOPMENT LTD		
100%	2017	10	⊖ 100%	MON ROCHER SCHOOL HOLDING LTD		
80.00%	1995	3	⊖ 80.00%	TERRA MILLING LTD		
51.00%	1998	9	⊖ 51.00%	TERRAGEN LTD		
15.43%	1998	1	⊖ 30.26%	COAL TERMINAL (MANAGEMENT) CO. LTD		
17.85%	2014	9	⊖ 35.00%	THERMAL VALORISATION CO LTD		
61.75%	1998	1	⊖ 61.75%	TERRAGEN MANAGEMENT LTD		
100%	2001	10	⊖ 100%	SAGITERRA LTD		
100%	1960	1	⊖ 100%	TERRA BRANDS LTD		
74.00%	2006	5 & 6	⊖ 74.00%	GRAYS INC. LTD		
37.00%	2008	6	⊖ 50.00%	PROVIDENCE WAREHOUSE CO. LTD		
74.00%	2009	6	⊖ 100%	EAST INDIES COMPANY		
74.00%	2016	1.a	⊖ 100%	INTERNATIONAL BRANDS LTD		
70.30%	2015	5	⊖ 95.00%	GRAYS UGANDA LTD		
37.00%	2016	5	⊖ 50.00%	BELLE VUE RUM LTD		
74.00%	2017	13	⊖ 100%	BEAU PLAN CELLARS LTD		
24.50%	2000	1	⊖ 24.50%	NEW FABULOUS INVESTMENT LTD		
24.50%	2000	1	⊖ 24.50%	ANYTIME INVESTMENT LTD		
33.33%	2000	5	⊖ 18.63%	NEW GOODWILL CO. LTD		
66.66%	1998	4	⊖ 66.66%	GRAYS DISTILLING LTD		
66.66%	2011	1	⊖ 66.66%	SOCIETE EVAPO		
33.33%	2010	4a	⊖ 50.00%	TOPTERRA LTD		
33.33%	1996	1	⊖ 33.33%	DISTILLERIE DE BOIS ROUGE LIMITED		
33.33%	1996	4	⊖ 100%	SOCIETE DE DISTILLATION DE ST ANTOINE ET BOIS ROUGE		
100%	2005	6	⊖ 100%	LES CHAIS DE L'ISLE DE FRANCE LIMITEE		
80.00%	2009	6	⊖ 80.00%	ECO ENERGY (MADAGASCAR)		
95.24%	2012	12	⊖ 95.24%	SUGARWORLD LTD		
100%	1997	1a	⊖ 100%	IVOIREL LIMITEE		
25.50%	1997	2a & 3a	⊖ 25.00%	SUCRIVOIRE S.A.		
83.34%	1990	1	⊖ 83.34%	SOCIETE PROBAN		
45.00%	1990	7	⊖ 54.00%	TERRAROCK LTD		
75.00%	2000	12	⊖ 75.00%	FONDATION NEMOURS HAREL		
100%	2010	12	⊖ 100%	TERRA FOUNDATION		
50.00%	2006	1	⊖ 50.00%	HORUS LTEE		
			⊖ 18.27%			
15.18%	2006	5	⊖ 6.04%	UNITED DOCKS LTD		
			⊖ 26.54%			
18.47%	1978	1	⊖ 14.44%	SOCIETE DE LERCA		
			⊖ 50.52%			
26.10%	1978	1	⊖ 16.77%	HAREL MALLAC & CO LTD		
100%	2004	1	⊖ 100%	TERRA SERVICES LTD		
100%	2012	1	⊖ 100%	TERRA FINANCE LTD		
88.12%	2013	14	⊖ 88.12%	ACETER GLOBAL LTD		
88.12%	2014	1	⊖ 100%	AG HOLDINGS LTD		
100%	2015	1	⊖ 100%	TERRAVEST HOLDING LIMITED		
26.67%	2014	15	⊖ 26.67%	TERRAVEST LIMITED		
100%	1982	1	⊖ 100%	INTENDANCE HOLDING LTD		
34.02%	1972	11	⊖ 0.54%	SWAN GENERAL LTD		
			⊖ 76.59%	SWAN LIFE LTD		
41.87%	1961	13	⊖ 41.87%	ALCOHOL AND MOLASSES EXPORT LTD		
35.49%	1991	7	⊖ 35.49%	REHM GRINAKER CONSTRUCTION LTD		
35.49%	2012	8	⊖ 35.49%	REHM GRINAKER PROPERTIES LTD		
50.00%	2010	1	⊖ 50.00%	COMMADA LIMITED		
29.03%	2013	1	⊖ 29.03%	UNITED INVESTMENTS LTD		
24.50%	2015	1	⊖ 24.50%	INSIDE CAPITAL PARTNERS LTD		
38.97%	2015	1 & 1a	⊖ 38.97%	INSIDE EQUITY FUND		
28.90%	2015	1	⊖ 28.90%	PAYMENT EXPRESS LTD		
33.33%	2015	1	⊖ 33.33%	SOCIETE M.S.P.A. ET CIE (RTC)		

Classification of companies' main activities:

1.

Investment, management and other services

1.a

Investment, management and other services (off-shore)

2.

Sugar cane cultivation

2.a

Sugar cane cultivation (abroad)

3.

Sugar milling

3.a

Sugar milling (abroad)

4.

Distillery/refinery

4.a

CMS production

5.

Bottling

6.

Distribution

7.

Construction and engineering

8.

Lessor of land and buildings

9.

Energy production

10.

Land development and property consultancy

11.

Insurance

12.

Cultural / CSR

13.

Commodity trading

14.

Financial services

15.

Industry

LIST OF Acronyms

AFNOR	Association Française de Normalisation
AFD	Agence Française Développement
AMCO	Alcohol & Molasses Export Co Ltd
ATP	Adenosine Triphosphate
B2B	Business to Business
B2C	Business to Consumer
BRC	British Retail Consortium
CEB	Central Electricity Board
CMS	Concentrated Molasses Stillage
CO₂	Carbon Dioxide
CSR	Corporate Social Responsibility
C-TPAT	Customs-Trade Partnership Against Terrorism
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPS	Earnings Per Share
EU	European Union
EUR	Euro
GB	Great Britain
GDP	Gross Domestic Product
GIS	Geographic Information System
GJ	Giga Joules
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
GWh	Giga Watt per hour
HSEQ	Health, Safety, Environment, Quality
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
IR	Integrated Reporting
ISO	International Organisation for Standardisation
IT	Information Technology
KWh	Kilo Watt per hour
KPI	Key Performance Indicator
MCIA	Mauritius Cane Industry Authority
MSPA	Mauritius Sugar Producers Association
MSS	Mauritius Sugar Syndicate
MUR	Mauritian Rupee
MW	Mega Watt
NAV	Net Asset Value
NGO	Non-Governmental Organisation
NPCC	National Productivity and Competitiveness Council
OHSAS	Occupational Health and Safety Management System
OSH	Occupational Safety and Health
SA	South Africa
SEM	Stock Exchange of Mauritius
SEMSI	Stock Exchange of Mauritius’ Sustainability Index
SIFB	Sugar Insurance Fund Board
SIFCA	Société Immobilière et Financière de la Côte Africaine
SME	Small and Medium-sized Enterprise
USD	United States Dollar

CORPORATE Information

Registered Office

Beau Plan Business Park
Pamplemousses 21001
Republic of Mauritius
Telephone : (230) 204 0808
Telefax : (230) 243 6363
E-mail : terra@terra.co.mu
Website : www.terra.co.mu

Secretary

Terra Services Ltd
Beau Plan Business Park;
Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 204 0808
Telefax: (230) 243 6363
E-mail: terra@terra.co.mu

Auditors

BDO & Co
(Chartered Accountants)

Main Bankers

The Mauritius Commercial Bank Limited
The State Bank of Mauritius Limited
Barclays Bank Mauritius Limited
AfrAsia Bank Limited
Banque des Mascareignes Ltée
Bank One Ltd

Cane

Terragri Ltd / Terra Milling Ltd
Belle Vue Mauricia
Mapou 31806 – Republic of Mauritius
Telephone: (230) 266 8485
Telefax: (230) 266 1985
E-mail: terragri@terra.co.mu /
terramilling@terra.co.mu

Power

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Mapou 31806 – Republic of Mauritius
Telephone: (230) 266 1226
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Terragen Management Ltd
Beau Plan Business Park
Pamplemousses 21001 –
Republic of Mauritius
Telephone: (230) 204 0808
Telefax: (230) 243 6363
E-mail: terragen@terragen.mu

Brands

Grays Inc. Ltd
Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 209 3000
Telefax: (230) 243 3664
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Grays Distilling Ltd
Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone (230) 243 3734
Telefax: (230) 243 3733
E-mail: distilling@grays.mu

Property and Leisure

Novaterra
Beau Plan Business Park
Pamplemousses 21001 - Republic of
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Telephone: (230) 204 0808
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Website : www.novaterra.mu

Sugarworld Ltd – L’Aventure du Sucre
Beau Plan, Pamplemousses 21001
Republic of Mauritius
Telephone: (230) 243 7900
Telefax: (230) 243 9699
E-mail : aventure.sucre@intnet.mu
Website: www.aventuredusucre.com

Stone Crushing and Block Making

Terrarock Ltd
Royal Road, Fond du Sac 20601
Republic of Mauritius
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E-mail: proban@intnet.mu

Corporate Social Responsibility

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Beau Plan Business Park
Pamplemousses 21001 –
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Offshore Management

AceTer Global Ltd
Beau Plan Business Park
Pamplemousses 21001 –
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Telephone: (230) 243 5825
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E-mail: services@aceterglobal.com
Website: www.aceterglobal.com

Finance

Terra Finance Ltd
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Pamplemousses 21001
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Telephone: (230) 204 0808
Telefax: (230) 243 9675
E-mail: terrafinance@terra.co.mu

NOTICE OF ANNUAL MEETING

Notice is hereby given that the **Annual Meeting of the shareholders of TERRA Mauricia Ltd** (‘Terra’) will be held at **Auditorium Paul Eynaud, *L’Aventure du Sucre***, Beau Plan, Pamplémousses, on **FRIDAY 22 JUNE 2018 at 2.00 p.m.** to transact the following business:

- 1. To consider the Annual Report for the year ended 31 December 2017.
- 2. To receive the report of the auditors on the audited financial statements of Terra for the year ended 31 December 2017.
- 3. To consider and approve the audited financial statements of Terra for the year ended 31 December 2017.

Ordinary Resolution

“Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2017 be and are hereby approved”.

- 4. To consider and approve by way of Ordinary Resolutions pursuant to Clause 32 of the amended and restated constitution of Terra, the following matters pertaining to Terragri Ltd (‘Terragri’):

- 4.1 the audited financial statements of Terragri for the year ended 31 December 2017.

Ordinary Resolution

“Resolved that the audited financial statements of Terragri for the year ended 31 December 2017 be and are hereby approved”.

- 4.2 the re-election, pursuant to Clause 20.2 of the constitution of Terragri and Section 138 (6) of the Companies Act 2001, of Mr Maurice de Marassé Enouf as director of Terragri until the next Annual Meeting of shareholders of Terragri.

Ordinary Resolution

“Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri.”

- 4.3 the re-election, pursuant to Clauses 20.2 and 20.5.4 of the constitution of Terragri of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terragri (as separate resolutions):
 - (i) Mr Nicolas Maigrot
 - (ii) Mr Alain Vallet
 - (iii) Mrs Margaret Wong Ping Lun.

Ordinary Resolution

“Resolved that the following persons be and are hereby re-elected as directors of Terragri (as separate resolutions):

- (i) Mr Nicolas Maigrot*
- (ii) Mr Alain Vallet*
- (iii) Mrs Margaret Wong Ping Lun”.*

- 4.4 the re-appointment of the auditors of Terragri under Section 200 of the Companies Act 2001 and the authorisation by way of Ordinary Resolution to the Board of Terragri to fix their remuneration.

Ordinary Resolution

“Resolved that the 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 4.4 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 4.4 above at the Annual Meeting of Terragri.”

- 6. To consider and approve by way of Ordinary Resolutions the following matters pertaining to Terra:

- 6.1 the re-election, pursuant to Clause 20.2 of the amended and restated constitution of Terra and Section 138 (6) of the Companies Act 2001, of Mr Maurice de Marassé Enouf as director of Terra until the next Annual Meeting of shareholders of Terra.

Ordinary Resolution

“Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra.”

- 6.2 the re-election pursuant to Clauses 20.2 and 20.5.4 of the amended and restated constitution of Terra of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terra (as separate resolutions):
 - (i) Mr Nicolas Maigrot
 - (ii) Mr Alain Vallet
 - (iii) Mrs Margaret Wong Ping Lun.

Ordinary Resolution

“Resolved that the following persons be and are hereby re-elected as directors of Terra (as separate resolutions):

- (i) Mr Nicolas Maigrot*
- (ii) Mr Alain Vallet*
- (iv) Mrs Margaret Wong Ping Lun”.*

- 6.3 to fix for the period starting from 1st July 2018 and ending on 30 June 2019, the fees of (i) the directors of Terra at MUR 32,500 per month and MUR 19,500 per Board sitting; and (ii) the Chairperson of Terra at MUR 65,000 per month and MUR 39,000 per Board sitting, pursuant to Clause 23.1 of the amended and restated constitution of Terra.

Ordinary Resolution

“Resolved that the fees for the period from 1st July 2018 to 30 June 2019 be and are hereby fixed at MUR 32,500 per month and MUR 19,500 per Board sitting for the directors of Terra; and MUR 65,000 per month and MUR 39,000 per Board sitting for the Chairperson of Terra.”

- 7. To take note of the 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 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 16th day of May 2018

Notes:

- a. A shareholder of Terra entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post.
- b. The appointment of proxy must be made in writing on the enclosed form and the document should reach the registered office of Terra, Beau Plan Business Park, Pamplémousses 21001, not less than twenty-four (24) hours before the time of holding the meeting, and in default, the instrument of proxy shall not be treated as valid. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

P.T.O.

TERRA MAURICIA LTD (the “Company”)
PROXY/CASTING POSTAL VOTE FORM*

- c. The notice for casting a postal vote must be made in writing on the enclosed form and sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of directors of Terra to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of Terra, Beau Plan Business Park, Pamplémousses 21001, not less than forty-eight (48) hours before the time of holding the meeting, and in default, the notice of postal vote shall not be treated as valid.
- d. For the purpose of the above Annual Meeting, the directors have resolved, in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend the meeting shall be those shareholders whose names are registered in the share register of Terra as at 31st May 2018.
- e. The audited financial statements of Terragri for the year ended 31 December 2017 are available for inspection during normal business hours at the registered office of Terra, Beau Plan Business Park, Pamplémousses.
- f. A short biographic note on each director, including those proposed to be re-elected, can be found on pages 46 and 47 of the Annual Report.

APPOINTMENT OF PROXY* (see notes a, b and c overleaf) CASTING POSTAL VOTES* (see note b and d overleaf)

I/We I/We.....

of of

being shareholder/s of the above named company hereby appoint being shareholder/s of the above named company desire my/

..... our vote/s to be cast as indicated on the under-mentioned

of.....or resolutions at the Annual Meeting of the Company to be

failing him/her,..... held on Friday 22 June 2018 and at any adjournment

of.....or the thereof:

Chairperson as my/our proxy to vote for me/us at the

Annual Meeting of the Company to be held on Friday

22 June 2018 and at any adjournment thereof. The proxy

will vote on the under-mentioned resolutions, as indicated

below:

	For	Against	Abstain
Resolution 3 Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended 31 December 2017 be and are hereby approved.	<input type="text"/>	<input type="text"/>	<input type="text"/>
Resolution 4.1 Resolved that the audited financial statements of Terragri Ltd for the year ended 31 December 2017 be and are hereby approved.	<input type="text"/>	<input type="text"/>	<input type="text"/>
Resolution 4.2 Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri.	<input type="text"/>	<input type="text"/>	<input type="text"/>
Resolution 4.3 Resolved that the following persons be and are hereby re-elected as directors of Terragri (as separate resolutions):			
(i) Mr Nicolas Maigrot	<input type="text"/>	<input type="text"/>	<input type="text"/>
(ii) Mr Alain Vallet	<input type="text"/>	<input type="text"/>	<input type="text"/>
(ii) Mrs Margaret Wong Ping Lun	<input type="text"/>	<input type="text"/>	<input type="text"/>
Resolution 4.4 Resolved that the 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.	<input type="text"/>	<input type="text"/>	<input type="text"/>
Resolution 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 4.4 above at the Annual Meeting of Terragri.	<input type="text"/>	<input type="text"/>	<input type="text"/>

* 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

Resolution 6.1
Resolved that Mr Maurice de Marassé Enouf be and is hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra.

Resolution 6.2
Resolved that the following persons be and are hereby re-elected as directors of Terra (as separate resolutions):
(i) Mr Nicolas Maigrot
(ii) Mr Alain Vallet
(ii) Mrs Margaret Wong Ping Lun

Resolution 6.3
Resolved that the fees for the period from 1st July 2018 to June 30, 2019 be and are hereby fixed at MUR 32,500 per month and MUR 19,500 per Board sitting for the directors of Terra; and MUR 65,000 per month and MUR 39,000 per Board sitting for the Chairperson of Terra.

Resolution 7
Resolved that the 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 2018.

.....
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. According to law, an abstention is not considered as a vote and will not be counted in the calculation of the proportion of votes for and against a resolution.
- c. To be effective, this form of proxy should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.
- d. To be effective, this notice of postal vote should be sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board of directors of the Company to receive and count the postal votes at the Annual Meeting and should reach the registered office of the Company, Beau Plan Business Park, Pamplemousses 21001, not less than forty-eight (48) hours before the time of holding the meeting.

NOTES

Notes section with horizontal lines for writing.

NOTES

This publication was printed on Lenza Green paper 100% recycled pulp.

The star-rating classification system under the Check Your Paper scheme, created by World Wildlife Fund, describes the environmental performance levels of paper products. This scheme raises awareness on key environmental parameters to evaluate the forest, climate and water footprint of pulp and paper products. It assesses the environmental impacts if the pulp and paper produced.

Lenza Green paper is rated five stars with regards to environmental performance: forests, climate change and aquatic ecosystems.

Forest performance: ★★★★★
Climate performance: ★★★★★
Water performance: ★★★★★

Source: WWF-Check Your Paper (2010)
<http://checkyourpaper.panda.org> Accessed 18 May 2017.

FAQ on Lenza Green Paper

Is recycled paper better for the environment than virgin paper?

YES. Recycled paper helps the environment in a number of ways:

- Recycling helps preserve forest, reducing demand for wood.
- Recycling avoids accumulation of waste sites and incinerators, which generate 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 Len Green paper made from?

Recycled paper produced of 100% recovered fibres certified FSC® (Forest Stewardship Council). FSC® is an international, non-governmental, non-profit making organization created in 1993.

How is Lenza Green paper manufactured?

It is manufactured without chlorine bleaching, high whiteness thanks to a special converting process for recovered fibre.

Why we choose Lenza Green paper?

Product exhibits high opacity and good sheet formation as well as maximum ageing resistance. Excellent usability given on all types of processing machinery for application from envelopes to annual reports

The Group is sensitive to the promotion and awareness of sound environmental practice and has decided to use recycled paper for its Annual Report. There is a list above of frequently asked questions explaining the benefits of using recycled paper. In 2015, the Board had already invited shareholders to receive the Annual Report in electronic format, in line with the Practice Directions issued by the Registrar of Companies on 30 May 2014 and 26 February 2015. To date, some 55% of shareholders have agreed to this.

