Terra Mauricia Ltd Annual report 2012

175 years terra

Annual report 2012

For the future. From 1838

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

- 2,236 kg of landfill
- 43,771 litres of water
- 4,121 kWh of electricity
- 418 kg of CO2 and greenhouse gases
- 3,632 kg of wood

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

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

Dear Shareholder,

The Board of directors of Terra Mauricia Ltd ("Terra") is pleased to present this Annual Report, which was approved on May 15, 2013. This Annual Report covers the activities of Terra and its subsidiaries for the year ended December 31, 2012 and its contents are listed on next page. The figures prior to 2012 presented therein are those of Harel Frères Limited.

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

Date: June 26, 2013

Time: 2.00 p.m.

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

Yours faithfully,

Daniel Nairac
Chairman

Cyril Mayer
Managing Director

Contents

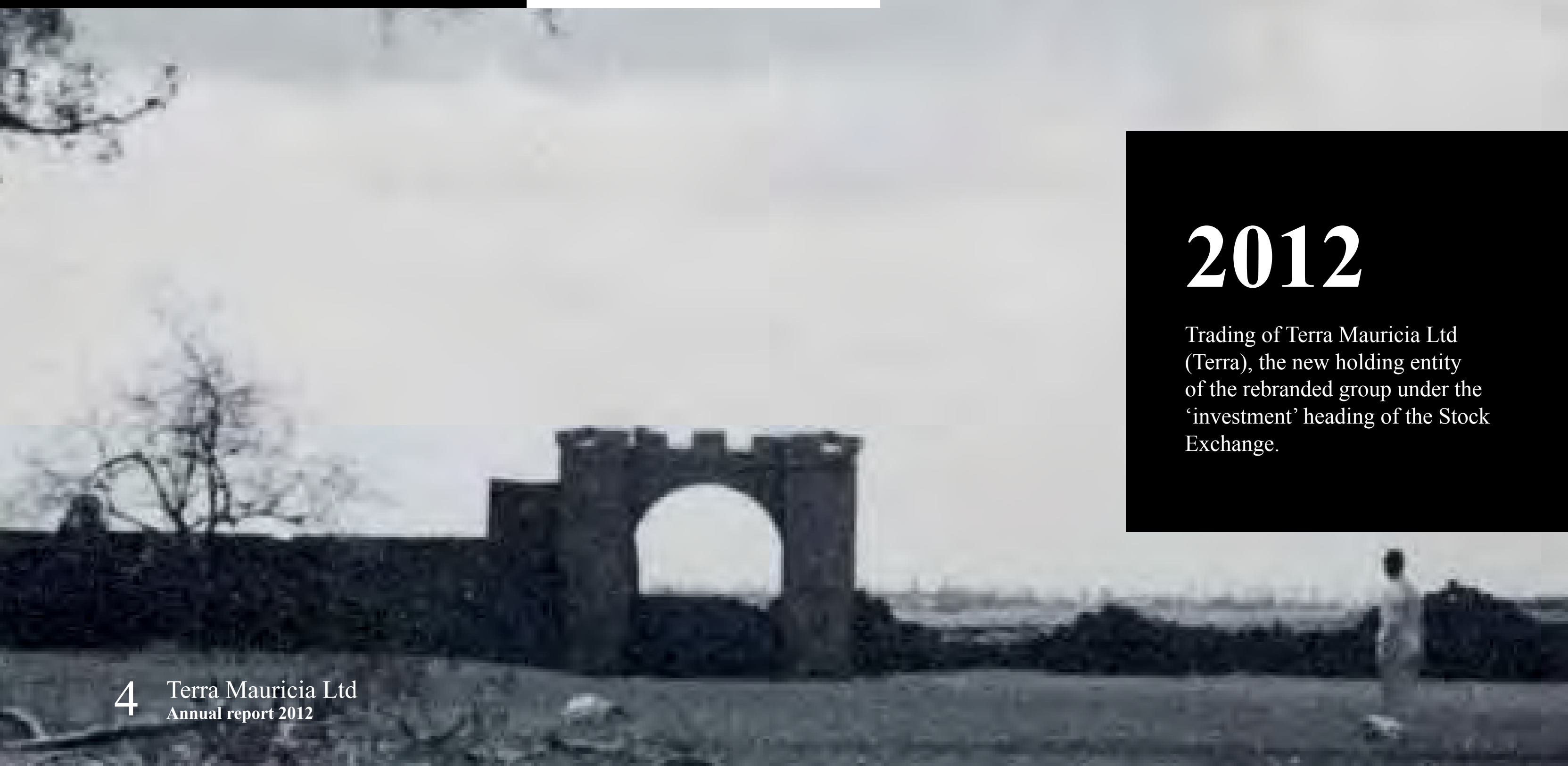
175 years terra

1838

Acquisition by Victor, Pierre, Eugène and Emile Harel of Belle Vue estate and its sugar factory.

1920

Constitution of Société Harel Frères by Mr. Nemours Harel's children.



2012

Trading of Terra Mauricia Ltd (Terra), the new holding entity of the rebranded group under the 'investment' heading of the Stock Exchange.

1952

Subscription of shares in The Mauritius O.K. Distillery Co. Ltd by the members of Société Harel Frères, constituting the first step towards diversification.

1960

Sale by Société Harel Frères of all its assets to Harel Frères Limited, a public company.

1971

Creation of The Mauritius OK Bottling Plant Ltd – a further step towards diversification.

1979

Manufacture of the first specialty sugars at Solitude sugar factory.

1991

Listing of Harel Frères Limited on the official market of the Stock Exchange of Mauritius.

1997

Acquisition of a 25.5% stake in two sugar factories in Côte d'Ivoire – first foreign investment by the group.

2000

Inauguration of the Belle Vue Power station – with an electricity production then equivalent to about 20% of the domestic consumption.

2010

Merger of Harel Frères Limited with The Mount S.E. Co Ltd and The Saint André S.E. Co Ltd – which increased the group's land holdings to some 7,000 hectares, consolidated a number of joint investments and increased the number of shareholders to almost 1,100.

terra
(Terra Mauricia Ltd)

Cane

Ivoirel Limitee - 100% *

Sucrivoire S.A. - 25.50%

Growing

Terragri Ltd - 100%

Milling

Terra Milling Ltd - 80%

Power

Power Generation

Société HBM - 100%*

Terragen Ltd - 51%

Management Services

Terragen Management Ltd - 61.75%

Coal Terminal (Management) Co Ltd - 15.43%

Brands

Bottling and distribution

Terra Brands Ltd - 100%*

Grays Inc. Ltd - 74.00%*

Terralogic Ltd - 100%

Les Chais de l'Isle de France Limitée - 100%

Eco energy (Madagascar) - 80%**

East Indies Company - 74%

Providence Warehouse Co. Ltd - 18.50%

Les Domaines de Mauricia Limitée - 50.00%

Anytime Investment Ltd - 24.50%

New Fabulous Investment Ltd - 24.50%

New Goodwill Co. Ltd - 33.33%

Rum Distributors Ltd - 33.33%

Distillery

Grays Distilling Ltd - 66.67%*

Société Sphinx Gaze - 66.67%*

Evapo Ltd - 33.33%

Distillerie de Bois Rouge Ltd - 33.33%*

Société de Distillation de St Antoine et Bois Rouge - 33.33%**

Group structure

Property Management

Sagiterra Ltd - 100%

Construction

Société Proban - 83.34%*

Terrarock Ltd - 45%

Rehm Grinaker Construction Co Ltd - 35.49%

Rehm Grinaker Properties Ltd - 35.49%

Leisure

Sugarworld Ltd - 95.24%

Investments

Administration

Terra Services Ltd - 100%

Terra Finance Ltd - 100%

Cultural

Fondation Nemours Harel - 75%

Telecommunications

Commada Ltd - 50%

Property

Les Bureaux Réunis Ltd - 50%

Financial Services

Intendance Holding Ltd - 44.95%*

Commodity Trading

Alcohol and Molasses Export Ltd - 41.87%

Horus Ltée - 50%

Corporate Social Responsibility

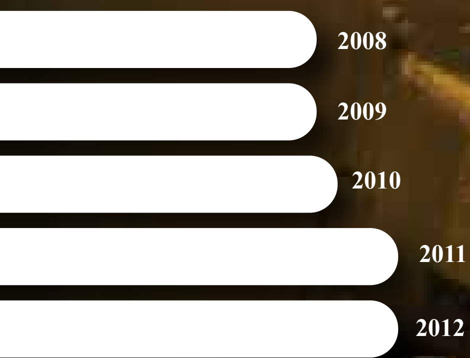
Terra Foundation - 100%

N.B.: Percentage indicated are in respect of effective holding.
* Holding entity.
** Dormant company.

Subsidiaries | Associates

Financial highlights (group)

Turnover



Profit after taxation

TURNOVER

	MUR' M	EUR' M*	USD' M*
2008	3,289.2	80.11	106.23
2009	3,246.9	79.08	104.87
2010	3,643.3	88.73	117.67
2011	4,222.7	102.85	136.38
2012	4,185.5	101.94	135.18

PROFIT AFTER TAXATION

	MUR' M	EUR' M*	USD' M*
2008	646.6	15.75	20.88
2009	363.5	8.85	11.74
2010	400.2	9.75	12.93
2011	760.6	18.52	24.57
2012	653.7	15.92	21.11

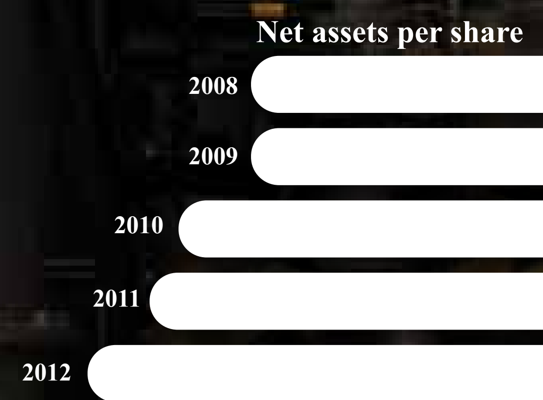
*: The exchange rates used are those for the year 2012 as displayed on page 14.

EARNINGS PER SHARE

	MUR	EUR*	USD*
2008	2.39	0.058	0.077
2009	1.39	0.034	0.045
2010	1.14	0.028	0.037
2011	2.56	0.062	0.083
2012	2.20	0.054	0.071

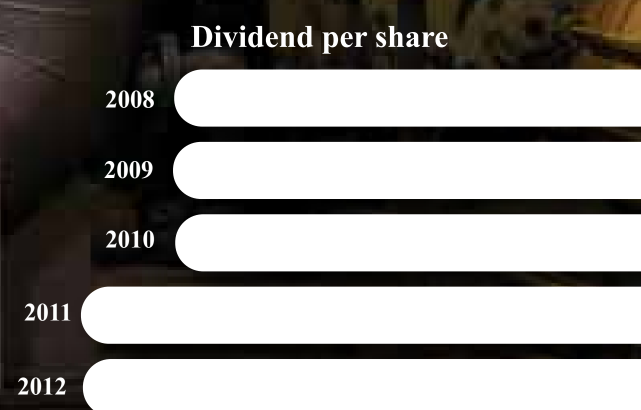
NET ASSETS PER SHARE

	MUR	EUR*	USD*
2008	37.50	0.913	1.211
2009	38.90	0.947	1.256
2010	50.30	1.225	1.625
2011	52.60	1.281	1.699
2012	72.40	1.763	2.338



DIVIDEND PER SHARE

	MUR	EUR*	USD*
2008	0.70	0.017	0.023
2009	0.70	0.017	0.023
2010	0.70	0.017	0.023
2011	0.80	0.019	0.026
2012	0.80	0.019	0.026

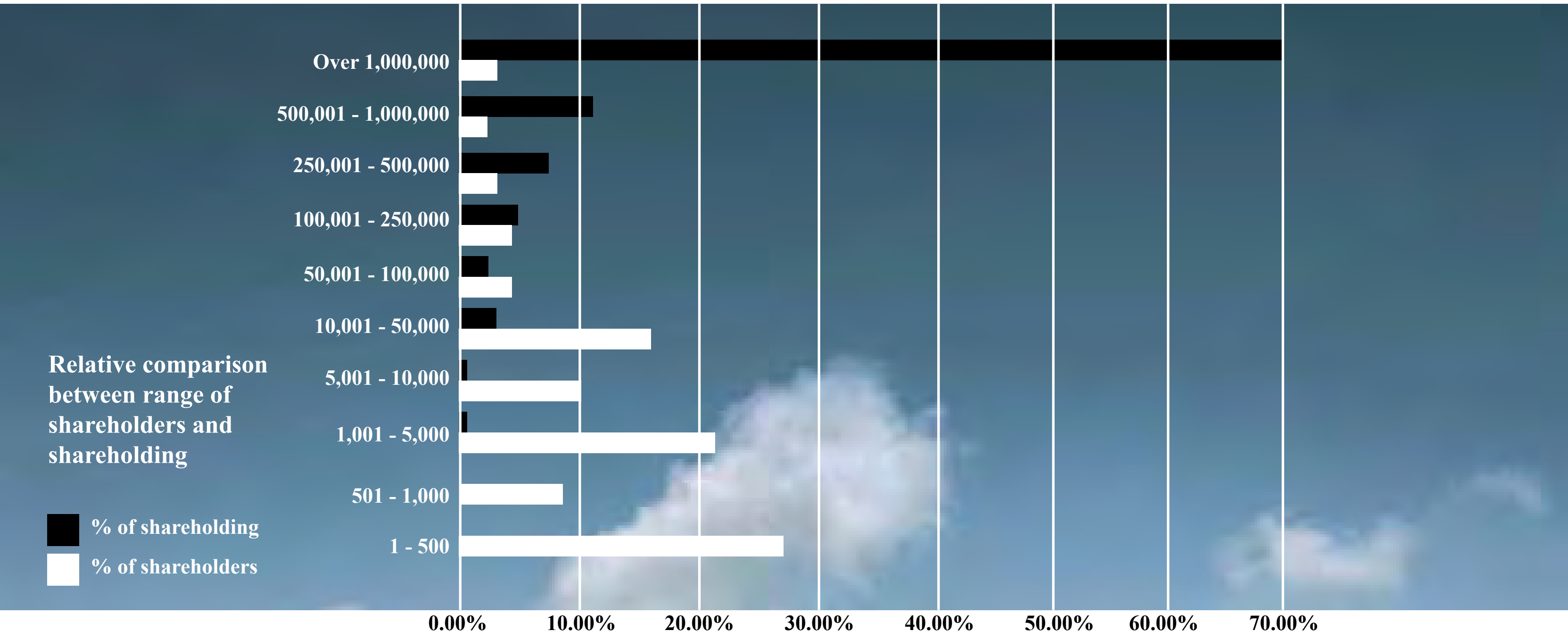


Share analysis

Distribution of shareholders of Terra Mauricia Ltd at December 31, 2012

Range of shareholding

Range of Shareholders	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	468	27.40%	83,724	0.04%
501 - 1,000	146	8.54%	126,040	0.05%
1,001 - 5,000	365	21.37%	1,007,683	0.44%
5,001 - 10,000	176	10.30%	1,294,505	0.57%
10,001 - 50,000	276	16.16%	6,204,168	2.73%
50,001 - 100,000	72	4.22%	5,097,359	2.24%
100,001 - 250,000	72	4.22%	11,275,042	4.96%
250,001 - 500,000	49	2.87%	17,113,491	7.52%
500,001 - 1,000,000	36	2.11%	25,904,333	11.38%
Over 1,000,000	48	2.81%	159,439,279	70.07%
TOTAL	**1,708**	**100.00%**	**227,545,624**	**100.00%**



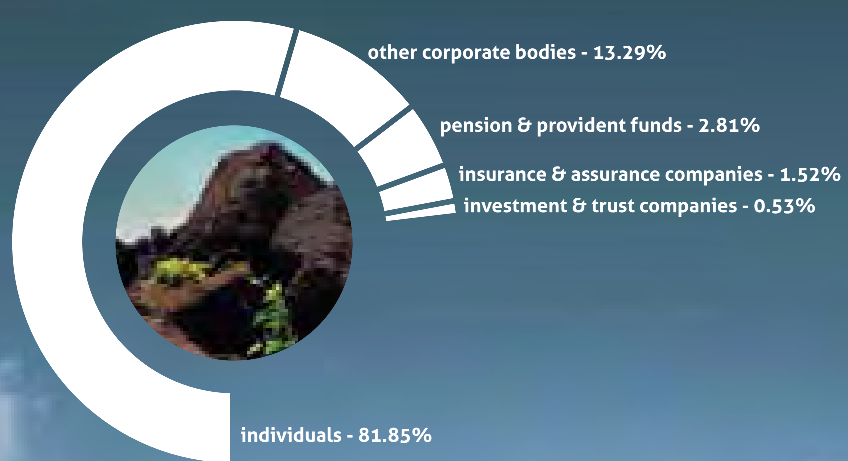
Share analysis (cont'd)

Shareholders' spread

To the best knowledge of the directors, the spread of shareholders at December 31, 2012 was as follows:

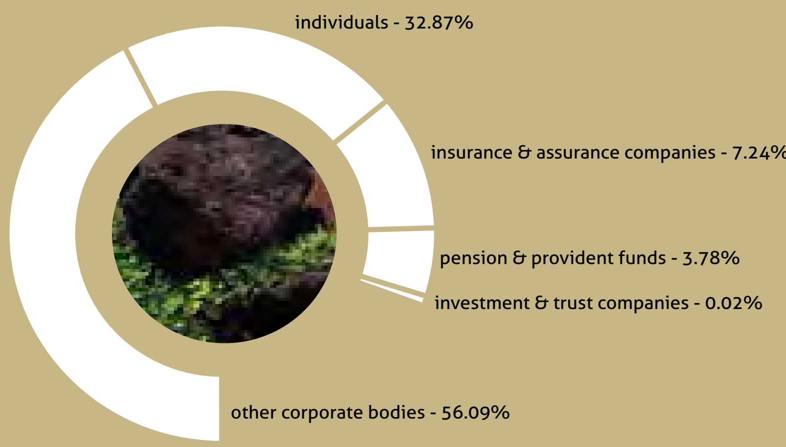
	SHAREHOLDERS		SHARES HELD	
	Number	%	Number	%
Individuals	1,398	81.85	74,780,428	32.87
Insurance & assurance companies	26	1.52	16,481,085	7.24
Pension & provident funds	48	2.81	8,610,639	3.78
Investment & trust companies	9	0.53	52,573	0.02
Other corporate bodies	227	13.29	127,620,899	56.09
	1,708	**100.00**	**227,545,624**	**100.00**

Distribution of shareholders

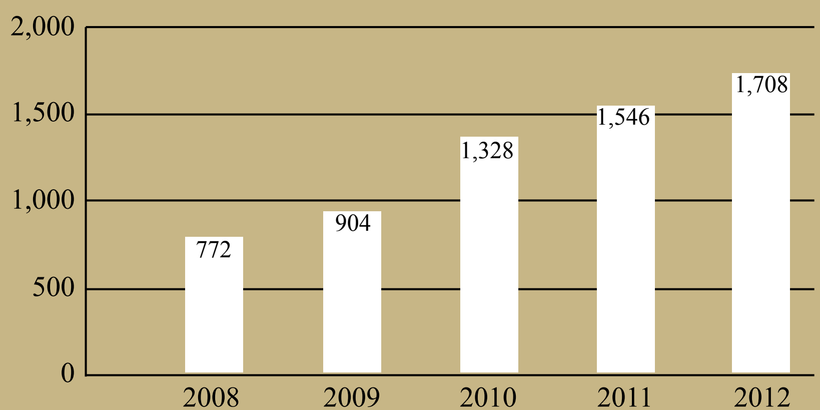


Share analysis (cont'd)

Shareholders' spread



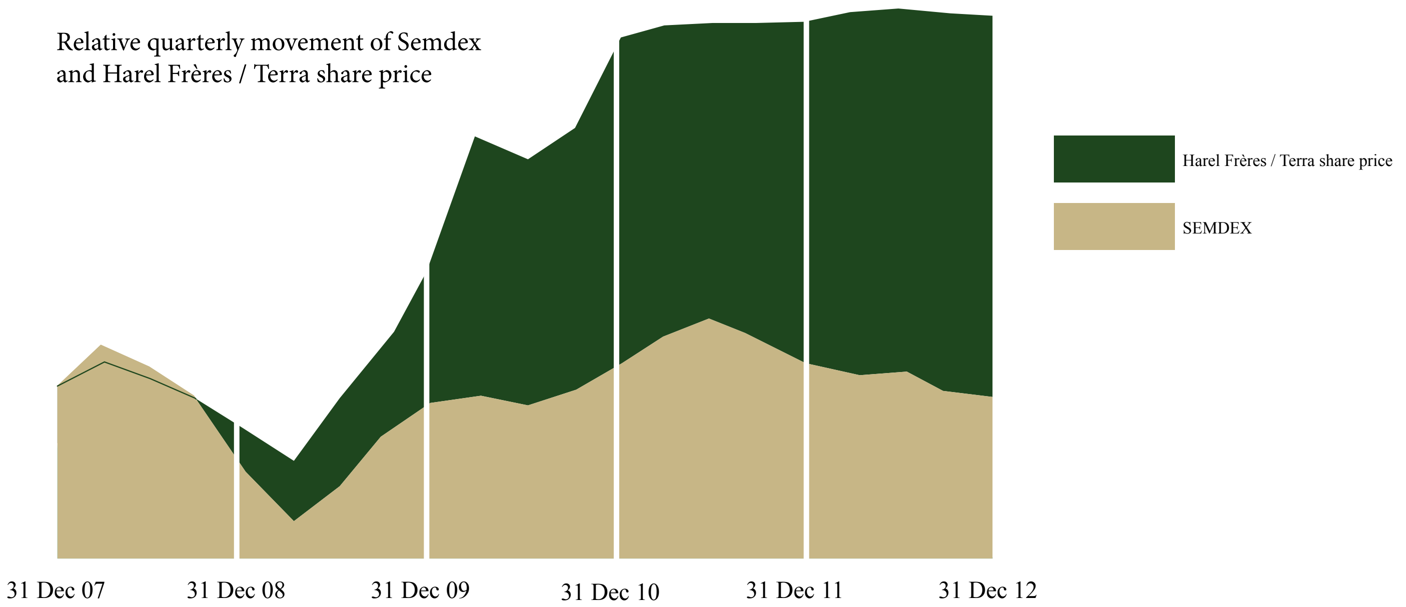
Evolution in the number of shareholders as at December 31,



The number of shareholders of Terra was 1,749 as at April 30, 2013.

Share analysis (cont'd)

Stock Exchange performance



	2008	2009	2010	2011	2012
SEMDEX (Points)					
- Year End Closing	1,182.74	1,660.87	1,967.45	1,888.38	1,732.06
SHARE PRICE (MUR)					
- Year End Closing Price	14.90	25.40	38.40	38.20	38.50
- High	25.00	26.50	39.00	39.10	41.50
- Low	14.50	12.10	26.00	36.50	37.20

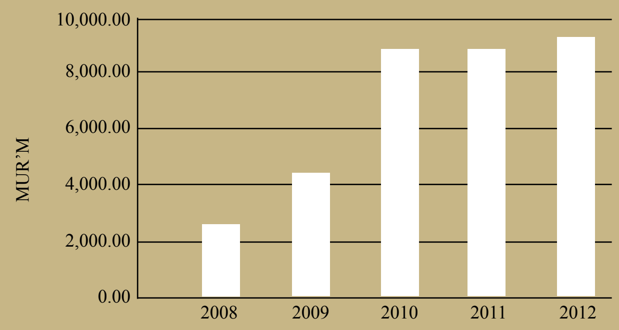
Note: The Terra share price was MUR 42.00 on May 15, 2013.

	2008	2009	2010	2011	2012
YIELDS					
- Earnings Yield %	16.04%	5.47%	2.97%	6.70%	5.71%
- Dividend Yield %	4.70%	2.76%	1.82%	2.09%	2.08%
Price Earnings Ratio	6.23	18.27	33.68	14.92	17.50

Share analysis (cont'd)

Market capitalisation

	MUR'M	EUR'M*	USD'M*
2008	2,590.13	63.08	83.65
2009	4,415.38	107.54	142.61
2010	8,737.75	212.81	282.21
2011	8,692.24	211.70	280.74
2012	8,760.51	213.37	282.94



*The exchange rates used are those for the year 2012 as displayed below.
The market capitalisation of Terra on May 15, 2013 was MUR 9,556.92 M.

Main exchange rates to the Rupee

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

Currency	**December 31, 2011**	**December 31, 2012**
Euro	38.8913	41.0584
US Dollar	30.0443	30.9622
GB Pound	46.2929	49.9986
SA Rand	3.7169	3.6865

Shareholders' calendar

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

Value added statement

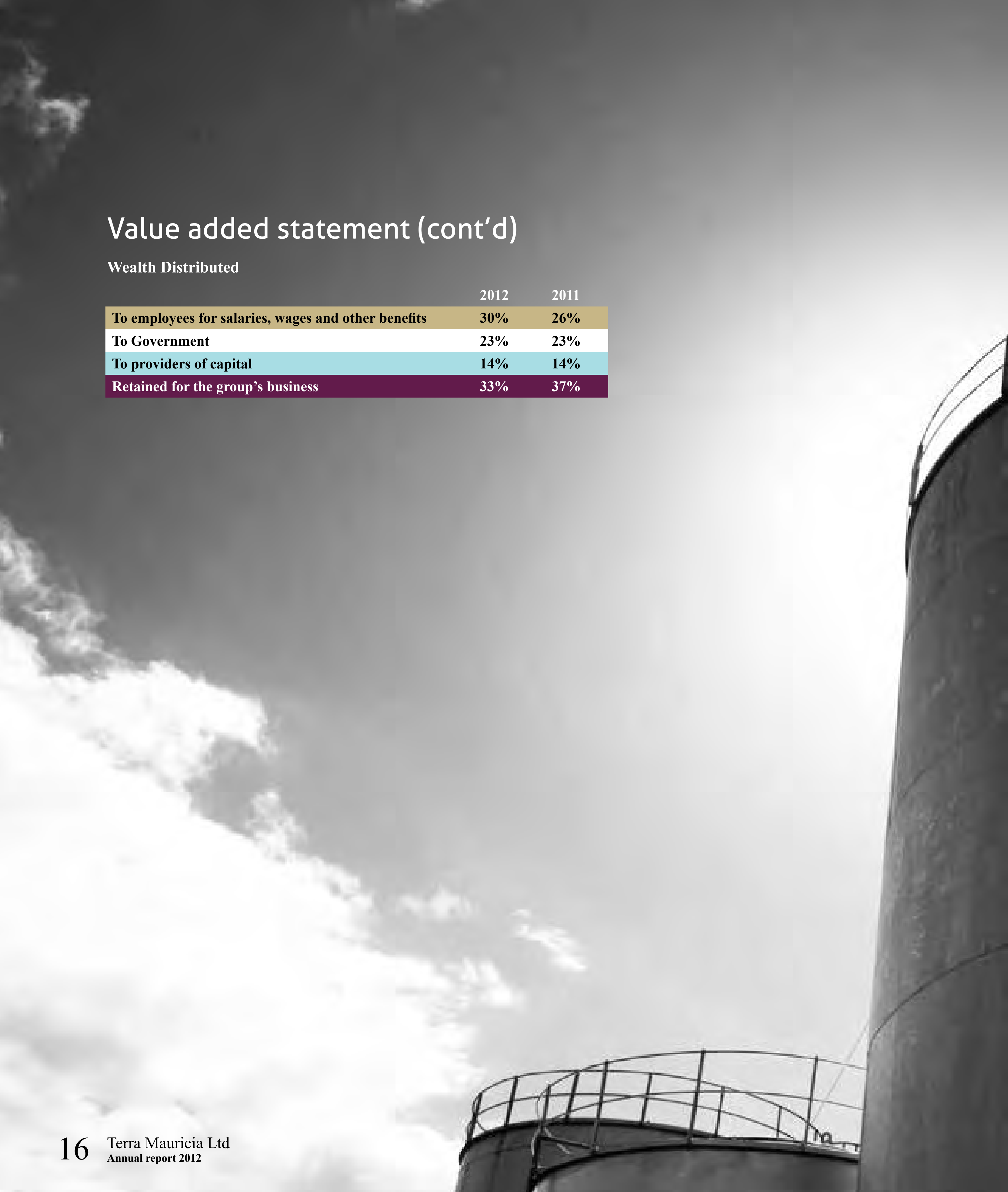
Group value added statement year ended December 31, 2012

		2012		2011
		MUR'M		MUR'M
Turnover		**4,185.5**		4,222.7
Gains in fair value		**16.4**		71.4
Other income		**153.6**		121.7
		4,355.5		4,415.8
Less: Paid to suppliers		**(1,845.1)**		(1,861.5)
Total value added		**2,510.4**		2,554.3
Wealth distributed				
To employees for salaries, wages and other benefits	**30%**	**752.6**	26%	648.4
To Government				
Taxes		**82.9**		116.2
Custom and Excise Duties		**509.4**		474.3
	23%	**592.3**	23%	590.5
To providers of capital				
Dividends to:				
Shareholders of Terra Mauricia Ltd		**182.0**		182.0
Outside shareholders of subsidiaries		**120.8**		130.1
Banks and other lenders		**40.6**		52.6
	14%	**343.4**	14%	364.7
Retained for the group's business				
Depreciation		**221.9**		268.2
Amortisation charge		**99.5**		99.8
Retained profits		**500.7**		582.7
	33%	**822.1**	37%	950.7
Total distributed and retained	**100%**	**2,510.4**	100%	2,554.3

Value added statement (cont'd)

Wealth Distributed

	2012	2011
To employees for salaries, wages and other benefits	30%	26%
To Government	23%	23%
To providers of capital	14%	14%
Retained for the group's business	33%	37%




30%
33%
2012
23%
14%
26%
37%
2011
23%
14%

Chairman's message

Dear Shareholder,

This year marks the 175th anniversary of your group from its relatively modest origins, when Victor, Pierre, Eugene and Emile Harel bought the Belle Vue estate and its sugar factory, to the present day enhanced status of Terra Mauricia Ltd, the holding entity of a diversified investment group and one of the important flagships of the Mauritian business scene.

A strong family ownership structure allowed diversification into downstream industries with The Mauritius OK Distillery Co. Ltd fully owned since 1952 and the creation in 1971 of The Mauritius OK Bottling Plant Ltd. Later in 1997, the same underlying values prompted the 25% investment into two sugar companies in Côte d'Ivoire when the company was already quoted on the Mauritius Stock Exchange. The daring investment into the Belle Vue power station, now Terragen, followed and was completed with the commissioning of the plant in 2000. The local sugar operations meantime developed key know-how in the production of specialty sugars, modernised field practices, centralised milling operations and amalgamated into a state of the art sugar complex. Confirming its status as a fully public company your group adopted a new brand and a new vision of an investment holding company in 2012 as Terra.

The confidence you and the Board have shown in choosing me as your director and the Chairman of this group is an immense privilege and a responsibility I am doing my best to honour.

I would like to extend my thanks and gratitude, on your behalf and on my own, to my predecessor, Jean Hugues Maigrot GOSK, who has guided the destinies of your group during nine years with wisdom, passion and vision and with a tenacious commitment to upholding the strong values which have characterised the group from its family origins to its present public quoted company status. His relentless efforts to improve good governance, to re-structure the group and to strengthen the Board must be commended. He leaves behind, after a record year, a healthy group with strong assets and great potential for further development. My thanks and gratitude also go out to my fellow Board members for their support, cooperation and judicious advice during these first months of my tenure.

The group, when I took over as Chairman, could only be described as strong and healthy. The strength of its balance sheet, the modest debt levels, the steady cash generation of its main clusters and the eminent ability to finance its own growth allows the group to anticipate the future with a degree of calm and serenity, secure in its potential and financial resources. This is enhanced by a highly professional top management, competent middle management and staff which are committed and determined to progress.

Your group has adopted a strategy intended to develop new ventures and create future wealth. The Board, in full cooperation with the top management, plans, focuses on, and helps implement the strategy with all necessary measures of care and precaution but squarely embracing reasonable risk when necessary.

The group's development in Mauritius focuses on (i) strengthening and improving the traditional sectors of cane, agricultural products, sugar and energy production; (ii) improving and innovating in the industrial and commercial sectors; (iii) implementing in a timely way a strongly differentiated and innovative product in the property development sector; and (iv) embarking on new ventures in financial services, both locally and offshore, using Mauritius as a key platform in the triangle of major investment flows between India/China, the Gulf States and Africa. The main thrust of future development also targets new investment overseas, in Indian Ocean Rim countries and East and Southern Africa.
Your Board, with the help of all its committees for good governance, investment, audit and risk and ethics, keeps a keen eye on (i) all aspects of continuity; (ii) improving governance; (iii) respect for all the national, regional and commercial stakeholders; (iv) ensuring that your group develops in a way that improves the social and physical environment of our nation and plays a responsible and ethical role on the national front; and (v) not least, on the lasting interests of the shareholders.

After 2011 which was a record year, profits after tax in 2012 declined by 14% from MUR 760.6 million to MUR 653.7 million, and earnings per share eased by 36 cents to MUR 2.20 from MUR 2.56 whilst net assets per share went up by MUR 19.80 from MUR 52.64 to MUR 72.41, on the back of the group's land and buildings revaluation. 2012 nevertheless turned out to be an excellent and encouraging year for Terra. Combined operating and financial performance was resilient and the results reflect the excellence of the products, the power of the brands and the commitment of the management and staff. The dividend was maintained at 80 cents in line with our prudent policy of durability.

The Mauritian economy continued to experience sluggish growth in 2012 with a subdued rate of only 3.3%. Developing economies such as that of Mauritius, export-oriented, open and still over-dependent on Europe as a partner, find it difficult to substantially sustain growth. The local economy has been consumption driven in spite of unemployment hovering around 8%. The challenge of managing economic growth and keeping a lid on inflation has proved a real test for policy makers especially as the current account deficit continued to worsen. How these challenges are addressed together with economic reforms and continued investment in much needed infrastructure, energy and water supplies remain determinant factors for the future. The results obtained by your group were realised in the face of this morose situation and of increased competition in several sectors.

For the future, the Eurozone is likely to continue making little progress in 2013. In spite of stronger signs of a budding recovery in the USA, slightly better growth forecasts for the global economy and the drive of India, China and of some Southern and East African economies nearer home, the national economy will nevertheless face, in 2013, major challenges which will impact on the economic and social environment.

There is opportunity, however, in challenge and difficulty, provided one can adapt. I believe that Terra has a track record in the capacity to adapt, innovate and succeed and can look to the future with confidence. Terra's solid fundamentals underscore our confidence in the future and, in the shorter term, our belief that in 2013, barring unforeseen adverse events, Terra should generate steady growth in revenue and improve its operating and financial performance.

Furthermore, we have embarked this year upon Sustainability Reporting, aiming at maintaining a lead in sustainability and social responsibility across all our brands, services and products, and at subsequently integrating sustainability reporting into our Annual Report.

The importance of key stakeholders in the success of the group cannot be stressed enough. The shareholders' trust and backing are essential. The staff's and management's dedication, professionalism and passion in accomplishing their duties ensure the continued progress of the group. Clients and partners are the essential source of our revenue. Social partners, organisations of industry and labour, government, non government organisations interact every day with us and form the national framework in which the group evolves, creates wealth and plays its social, environmental and economic role. All these stakeholders have our respect and deserve our thanks for they comprise an intricate network which needs to be harmonious and well balanced with reasonably aligned interests for enterprises to succeed.

I wish, finally, to extend my special thanks to the Managing Director and to the group's top executives for the openness of their cooperation and high quality of their commitment and to all the staff for their unstinting contribution to Terra's progress.

I wish to all and to Terra a successful 2013.

Daniel L Nairac,
Chairman of the Board
May 15, 2013

Managing Director's report and review of operations

Managing Director's report

Overall review

Pursuant to a Scheme of Arrangement which had been approved in 2011 by a special meeting of Harel Frères Ltd (HFL), its shareholders exchanged their shares for shares of Terra Mauricia Ltd (Terra) on the basis of a share exchange ratio of 1:1, effective on January 01, 2012. As from that date, all shareholders of HFL became shareholders of Terra, which was itself listed on the Official List of the Stock Exchange of Mauritius (SEM) under the "Investment" segment as from January 03, 2012.

During the whole of 2012, Terra formed part of the prestigious SEM 7 club; its share was the 4th most largely traded share on the SEM for 2012 and it ended the year as the 6th largest market capitalisation of the SEM. As shown on the graph on page 13 of this report, its performance outstripped that of the SEM for 2012. The Terra share proved to be very resilient, trading between MUR 37.20 and MUR 41.50 during the year and closing the year at MUR 38.50.

Land and buildings, other than Building & Civil Works and Power Plant, were revalued in 2012 by an Independent Certified Practising Valuer on the basis of the open market value method. The book values of the properties were adjusted to the revalued amounts and the resulting surplus net of deferred income taxes amounting to MUR 4,481.9 M was credited to "Revaluation Surplus" in shareholders' equity. Group Net Asset Value per share thus increased from MUR 52.64 to MUR 72.41.

The following acquisitions were completed during the year:

• CIM Financial Services Ltd (CFS) of the Rogers group amalgamated its insurance activities with and into those of the Swan group in which Terra, through Intendance Holding Ltd (IHL), held an effective stake of 30.4%. The above amalgamation diluted our holding in Swan to 26.4%. However, other IHL shareholders then decided to sell and were bought out, which increased our effective stake in the Swan group to 33%.

• The group increased its stake in Sugarworld Ltd from 30.7% to 95.2%. This company operates *L'Aventure du Sucre*, a museum and entertainment facility, situated in the former Beau Plan sugar mill buildings.

• Terra Brands Ltd bought out its 50% partner in Les Chais de l'Isle de France Limitée.

A new wholly owned subsidiary, Terra Finance Ltd, was incorporated during the year in order to centralise and manage the treasury activities of the group.

Since 2009, the group had objected to the buy out price for its 4.23% stake in Maritim (Mauritius) Ltd and had referred the matter to arbitration. The ruling, received in 2012, awarded us an additional MUR 20 M and interest of MUR 5.2 M over and above the initially offered price of MUR 22.2 M.

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

• In early 2012, a commercial agreement was reached for the closure of the Mon Loisir mill and redirection of its factory area's canes to Terra Milling Ltd for crushing. An additional 252,302 tonnes of cane were thus received in 2012, which not only permitted the mill to operate more efficiently and closer to its rated capacity but also resulted in greater value added through the production of a larger tonnage of specialty sugars from locally manufactured sugar. The closure of the Mon Loisir mill contributed significantly to our mill's positive results for the year.

• On the energy front, Terragen also benefited from additional bagasse from the above canes, which enabled it to increase export of bagasse based energy to the grid. Moreover, Terragen, having repaid the last instalment on its borrowings in early 2012, saw its Debt Period come to an end in June. Since then, new, much lower Post Debt tariffs applied, thus somewhat eroding profitability. 2012 also saw the setting up of a National Energy Commission whose objectives are to review the national energy requirements and advise Government in the planning and execution of major projects in the energy sector, so as to fully meet the country's medium and long term needs. Terragen is cooperating fully with, and has made submissions to the Commission and, on the latter's request, has made public the Power Purchase Agreement it has signed with CEB as well as the electricity tariffs it is currently practising.

• Regarding labour relations, 2012 was an eventful year. In early 2012 Terra and other MSPA members decided that future negotiations with the trade unions of the sugar industry would be carried out at the level of the enterprise in order to better respond to the specificity of each company. At about the same time, the Joint Negotiating Panel (JNP) submitted two novel demands to the MSPA and, unsatisfied with the latter's response, declared a labour dispute and threatened to hold an unlawful strike in the sugar industry. The sugar companies countered by seeking and obtaining an interim order from the Employment Relations Tribunal declaring the strike unlawful and ordering the JNP to appear before the Tribunal to show cause why the application should not be granted. The JNP refused to do so and continued with the organization of the unlawful strike. The Minister of Labour, Industrial Relations & Employment, duly mandated by Cabinet, met with the MSPA and the JNP to resolve the crisis and an agreement was reached in August 2012, following which the JNP called off its strike action and the sugar companies withdrew their application before the Tribunal. The agreement also provided that the MSPA and the trade unions would, in 2013, engage in negotiations in order to conclude a new collective agreement that would take effect as from January 01, 2014. Such negotiations are due to start soon and, as far as Terra is concerned, they will be the last to be held at industry level.

• 2012 has seen attempts at land misappropriation of some 11 hectares at Pointe aux Piments and 38,4 hectares at Balaclava belonging to Terragri Ltd. The latter has good and valid title to those lands and its predecessors in title and itself have furthermore been occupying those lands with all the requisites of acquisitive prescription for much more than 30 years. Terragri Ltd has filed and obtained injunctions against all the persons whom it believes are involved in the attempt at misappropriation of its lands; the injunctions and associated main cases are following their normal course.

Financial summary review

Income Statement

Group revenue was marginally down on 2011 at MUR 4,185.5 M and was more or less evenly spread between the sugar, energy and commercial segments. Group profit after tax suffered a 14% drop on 2011 to MUR 653.7 M, mainly on the back of reduced profitability for both our sugar and energy segments and lower returns on our investments.

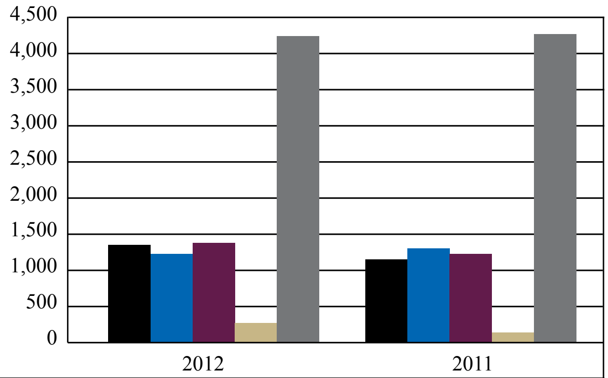
Managing Director's report (cont'd)

Financial summary review (cont'd)

Income Statement (cont'd)

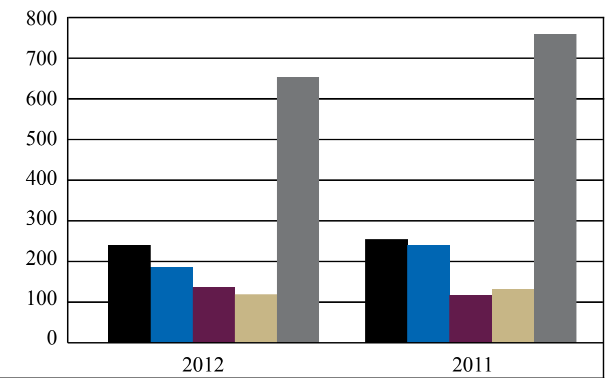
Group segmental results are shown in graphical form below and are more amply explained in the ensuing review of operations.

Segmental analysis
Revenue MUR'M



	2012	2011
cane	1,349.1	1,243.8
power	1,180.6	1,462.8
brands	1,422.6	1,349.0
investments	833.2	167.1
total	4,185.5	4,222.7

Segmental analysis
Profit after tax MUR'M



	2012	2011
cane	242.5	261.3
power	185.0	252.5
brands	118.5	113.1
investments	107.7	133.7
total	653.7	760.6

Managing Director's report (cont'd)

Financial summary review (cont'd)

Income Statement (cont'd)

Earnings attributable to equity holders were MUR 500.7 M, MUR 82 lower than 2011 and translated into Earnings per Share of MUR 2.20, compared to MUR 2.56 in 2011.

The directors decided to maintain the same dividend as 2011. Accordingly, a dividend of MUR 182 M (MUR 0.80 per share) was declared and paid in December 2012.

Balance Sheet

The balance sheet remains very strong.

Shareholders funds now stand at MUR 16,473.2 M and MUR 72.41 when expressed on a per share basis, compared to MUR 11,976 M and MUR 52.64 respectively 2011, reflecting the effect of the revaluation of land and buildings mentioned above. Borrowings, both current and non current, amount to MUR 640.5 M (2011 MUR 350.9 M), while cash balances have stayed virtually unchanged at MUR 159.3 M. Current assets at year-end show a healthy surplus of MUR 856.3 M over current liabilities.

Cash Flow

Net cash flow from operating activities was strong this year, with a substantial increase on last year's from MUR 431.8 M to MUR 667 M, due mainly to favourable changes in working capital.

Investments absorbed some MUR 521.4 M (2011: MUR 148.6 M), of which MUR 280.3 M were devoted to the acquisition of additional stakes in a subsidiary and an associate and MUR 244.5 M to the purchase of property, plant and equipment.

Net cash of MUR 464.5 M was used in financing activities during the year, of which MUR 440.7 M was expended as dividends, both to Terra shareholders and minority shareholders in subsidiaries. It is to be noted that the disbursement in 2012, exceptionally, of both the 2011 and 2012 Terra dividend somewhat distorted this section of the cash flow.

During the year, overall, cash and cash equivalents (after accounting for bank overdrafts) decreased by MUR 311.9 M to MUR 258 M at year end.

Prospects for 2013

At the date of writing of this report, one can be cautiously optimistic about the 2013 results.

Fairly good climatic conditions have prevailed locally during most of the vegetative season, with abundant and evenly spread rainfall, auguring for satisfactory cane yields. Should the maturing season favour us with normal sugar recovery rates, the crop should be better than last year's. Moreover, our sugar operations in Côte d'Ivoire are performing well and results should be on a par with those of last year.

On the energy side, CEB's off-take to date has improved on last year's, probably due to an increased demand on the part of consumers and also to the exceptionally attractive tariffs it now obtains from Terragen. Should this trend continue during the second semester of 2013, improved results can be expected from this segment.

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

Most of our associates are also performing satisfactorily.

The above observations should translate into a healthy performance for the group in 2013 and suggests improved results on last year, barring unforeseen events, adverse currency movements or a drop in sugar prices.

Cane

Cane

Managing Director's review of operations

In 1838, the four brothers Victor, Pierre, Eugène and Emile Harel acquired the sugar estate of Belle Vue, in the north of the island and that year saw the start of an expansion process whose object was to develop sugar production. One hundred and seventy five years later, land acreage under sugar cane cultivation amounts to around 6,000 hectares of sugar cane land (out of a total of 7,000 hectares of land owned) in the northern part of the island.

The international scene

During 2012, our attention has remained focused on the debates in the European Union (EU) on the Commission's proposal for a new regulation of the EU Council and EU Parliament to terminate beet and isoglucose quotas in the EU as from October 2015. This regulation, if adopted, would affect market balance and cause a high level of instability to the detriment of ACP suppliers.

The ACP group has thus lobbied extensively and expressed its firm belief to the EU decision makers that the beet quota system was a key factor to uphold the value of ACP preferences and has requested the maintenance of quotas until at least 2020. This message was apparently heard by the Parliament's Committee for Agriculture & Rural Development which has recently voted in favour of a number of amendments to the Commission's proposal, including the extension of beet and isoglucose quotas until 2020.

These amendments still have to be adopted by Parliament and subsequently have to go through a long discussion process in "trilogue" mode with the EU Commission and the EU Council, before their adoption at both Parliament and Council levels. Although a majority of member States are supportive of the extension of the quota system until 2020, strong opposition from certain major players could well lead to a compromise whereby quotas could be terminated earlier than 2020.

Another feature, which has been under close watch during the year, has been the evolution of the world market prices. After two consecutive years of global deficit, which has depleted stocks and pushed up world market prices at their highest for decades, production has recovered during 2012 in the main sugar producing countries, namely in Brazil and India, leading to a global surplus and causing both raw and white sugar prices to decline sharply. However, prices in the EU market have so far remained firm due to tightness in the market balance, in spite of the special measures taken by the EU Commission to increase supply through the release of out-of-quota beet sugar and additional imports from third country suppliers.

The group's sugar interests

Mauritius

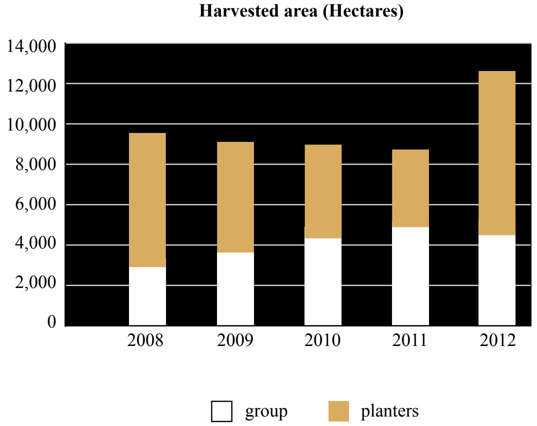
At December 31, 2012, Terragri Ltd cultivated some 5,698 hectares of cane land, some 75% of which fully mechanised and 42% under various forms of irrigation. The area harvested by the company was 4,933 hectares, while the planters harvested, on their part, an area of 7,265 hectares. The total insurable sugar for the group was 59,354 tonnes of sugar (52,768 tonnes in 2011).

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

The 2012 crop

Rainfall recorded during the vegetative season of 2012 was only 78% of the long term mean. This low precipitation coupled with drastic reduction in water availability for irrigation accounted for a poor crop in 2012. Terragri, as a result, harvested some 377,113 tonnes of canes representing a reduction of 9.0% as compared to the 2011 crop. With a sugar recovery of 10.58%, Terragri produced an average of 8.1 tonnes of sugar per hectare on the 4,933 hectares that were harvested.

Harvested area (Hectares)

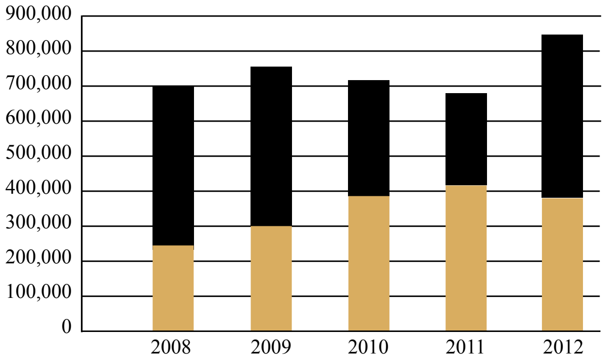


	Group	Planters	Total
2008	3,337	6,032	9,369
2009	3,337	5,802	9,139
2010	4,728	4,241	8,969
2011	4,977	3,537	8,514
2012	4,933	7,539	12,472

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

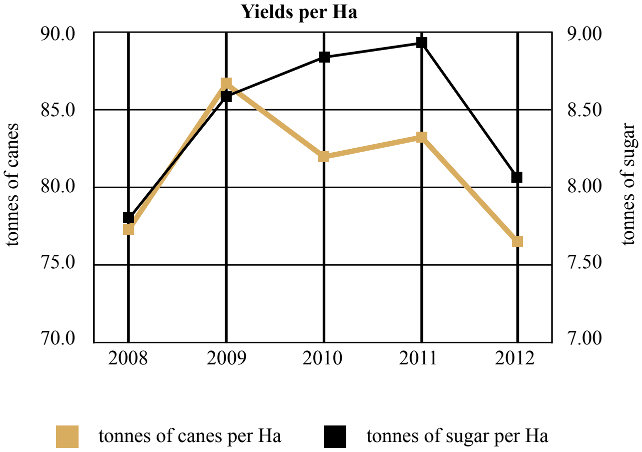
Cane (cont'd)

Canes harvested in the factory area (Tonnes)



	Group	Planters	Total
2008	261,547	439,165	700,712
2009	289,217	470,842	760,059
2010	389,009	324,042	713,051
2011	414,443	268,029	682,472
2012	377,113	478,724	855,837

Yields per Ha



	Tonnes of canes per Ha	Tonnes of sugar per Ha
2008	77.2	7.79
2009	86.7	8.54
2010	82.3	8.84
2011	83.2	8.91
2012	76.5	8.05

For the first time in 2012, such production included the supply of 252,302 tonnes of cane from the Mon Loisir factory area, Some 855,837 tonnes of canes were milled by Terra Milling Ltd, representing an increase of 25.4% over 2011. Sugar production amounted to 89,810 tonnes.

Sadly, in 2012 we recorded an increase of 19 % in the area burnt as a result of criminal fires, with a major fire occurring over the 8 - 9 September week-end which burned cane on an area of 443 hectares. This event had a disruptive effect both on the chronology of fields to be harvested and on the organisation of the crop as a whole.

Our vehicles transported some 418,284 tonnes of canes, including some 221,849 tonnes from the five platforms of the factory area, which now include two platforms from the Mon Loisir factory area – namely Mon Loisir itself (58,667 tonnes) and Saint Antoine (35,059 tonnes). Some 266,692 tonnes were mechanically harvested on Terragri's land; 21,075 tonnes at Mont Choisy and Médine sugar estates and 10,943 tonnes on other sugar estates which had assisted us following the September fire mentioned above. On the other hand, 17,990 tonnes of Terra canes were harvested by outside contractors in order to speed up the crop following the same fire. Some 1,619 tonnes of small planters canes were also harvested by our services during the year. Our lorries also transported some 87,643 tonnes of sugar, representing 97% of the mill production and 112,776 tonnes of coal for Terragen.

The 2012 crop duration was 136 days, 6 days longer than that of the previous year. Over 95% of the sugar produced was converted into nine different types of excellent quality specialty sugars.

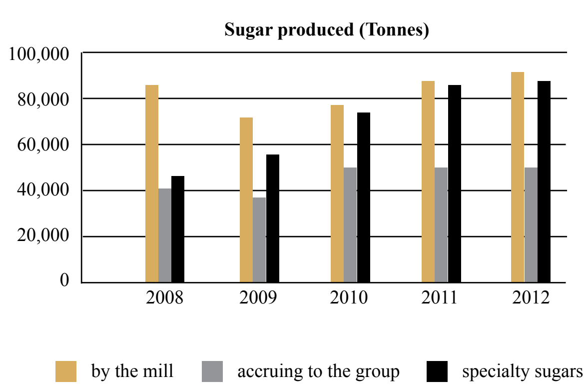
Managing Director's review of operations (cont'd)

The table below shows various production parameters for this year as compared to the 2011 crop.

		2012	2011
1	Cane crushed (Tonnes)	855,837	682,472
2	Sugar produced (Tonnes)	89,810	74,204
3	Non originating sugar (Tonnes)	-	13,204
4	Length of crop (days)	136	130
5	No of crushing hours per day	21.04	19.18
6	Mix juice purity	86.30	86.10
7	Sucrose % cane	12.10	12.16
8	Reduced overall recovery	86.29	86.42
9	Fibre % cane	17.48	16.52

	Cane crushed (Tonnes)	Sugar produced (Tonnes)		
Year		Total tel quel	Accuring to the group	Specialty sugars
2008[1]	872,907	85,125	38,817	43,216
2009	760,059	73,158	37,440	54,282
2010	713,051	76,144	50,337 [2]	74,088
2011	682,472	85,366 [3]	50,540	85,032
2012	855,837	89,810 [4]	50,663	85,425

[1] Includes 172,218 T from CUML factory area
[2] Includes 9,936.5 T from Mount and 1,785 from St. André
[3] Includes 12,940 tonnes of sugar imported from MLSE, MSTC and BSSD
[4] Includes 874 tonnes of sugar imported from BSSD



Diversification

Some 888 tonnes of potatoes were produced on 42 hectares of Terragri's land in 2012 and, for the first time, 6.7 hectares were planted with onions, which yielded some 200 tonnes. As for the hunting grounds situated at The Mount, they produced around 300 deer carcasses or some 12,000 kilogrammes of venison in 2012.

Personnel

At December 31, 2012, 84 staff members and 520 workers were employed on a permanent basis in the group's agricultural activities. Out of these, 204 were employed in the fields, 50 in other non-sugar activities, 127 in the mill and 139 in the transport department. In addition, job contractors and seasonal workers were hired on a temporary basis, as and when required, during both crop and intercrop seasons.

During the year, MUR 858,500 was spent on employee training. 142 employees attended 17 different courses including food safety, hygiene, safety management, internal audit training and skills development for support staff. The vast majority of our employees attended the Terra Team Building workshop, which was held in-house.

An increase of 23% in the number of accidents was unfortunately registered, resulting in 107 man days lost (an increase of 14% as compared to 2011). This increase is mainly attributable to the non observance of safety regulations by the employees. A series of corrective measures have been taken to reduce such accidents, namely an awareness campaign on safety at work, additional safety precautions, a reinforcement of supervision and the issue of Safety Non-Compliance Notices to those having performed unsafe actions at work.

Capital expenditure

Overall, 2012 capital expenditure for the sugar activity amounted to MUR 236.5 M and represented an increase of 59% on 2011 figures. MUR 79.3 M were spent on replantation costs, some MUR 43.7 M were spent on the renewal of transport and agricultural equipments, MUR 47.8 M on upgrading the mill, MUR 2.4 M on furniture and office equipment and MUR 6.6 M on intangible assets. Renovations of a mostly exceptional nature were effected to industrial and residential buildings for an aggregate amount of MUR 56.7 M.

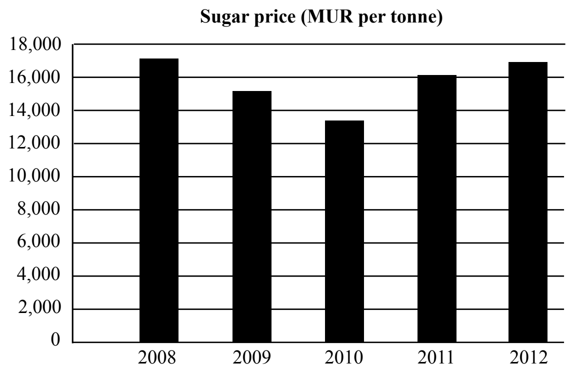
Results

The 2012 results for the group's local sugar activities were lower than those of 2011.

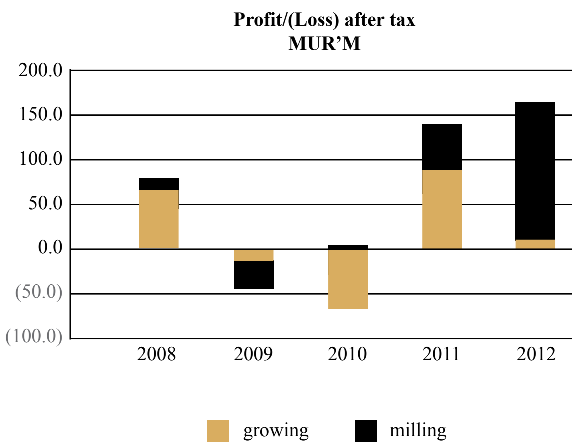
On the positive side, sugar accruing to the group was on par with 2011; prices increased by some 6%, premiums received on specialty sugars increased marginally and a 50% rebate was obtained on the premium paid to the Sugar Insurance Fund. However, results at field level were negatively impacted by a 9.2% increase in production costs and a substantial reduction in standing crop valuation at year end.

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

Cane (cont'd)



	MUR
2008	17,000
2009	14,700
2010	13,500
2011	16,000
2012	17,000



	Growing	Milling	Total
2008	69.9	8.9	78.5
2009	14.5	(47.2)	(32.7)
2010	(63.1)	1.7	(61.4)
2011	83.9	57.9	141.8
2012	5.7	149.6	155.3

The mill performed closer to its optimum capacity, mainly on account of the improved cane supply from the Mon Loisir factory area.

Turnover for the year thus increased by some 10.4 % to MUR 1.35 Billion, while overall segmental profit after tax (including Côte d'Ivoire) amounted to MUR 242.5 M (2011: MUR 261.3 M), consisting of a profit of MUR 5.7 M derived from the local cane growing activity, MUR 149.6 M from milling and MUR 87.2 M from our Côte d'Ivoire sugar activities.

Prospects for 2013

Heavy precipitations, starting from end December 2012 up to end March of this year were recorded, exceeding the long term mean for the season. The even distribution of this rainfall ensured that the cane fields did not suffer from stress and as a consequence, good cane growth was registered. The month of April was however drier than normal, somewhat stunting cane growth. Should normal conditions prevail until harvest, a crop of around 925,000 tonnes can reasonably be forecast in 2013.

Côte d'Ivoire

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

Overall situation

The country has regained its political stability since the democratically elected President, Mr Ouattara replaced his predecessor, Mr Gbagbo, from power in April 2011. A new government has been put in place and has taken significant measures aiming at improving the business environment and restoring productivity in all sectors of activity, resulting in an 8% GDP growth rate in 2012.

The major event of the year has been the reduction by 64% of the country public debt as determined by the International Monetary Fund and the World Bank. Aid has also been forthcoming from a number of countries and international institutions.

Operations

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

The recent field rehabilitation and irrigation extension programme has been successful, judging from the 2012 performance. Indeed, Sucrivoire's sugar production on the sites of Borotou and Zuenoula was boosted to some 93,000 tonnes in total during the 2011/2012 crop, a noteworthy improvement compared to the previous crop which reached 87,100 tonnes.

Cane (cont'd)

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

In 2012, sales volumes, which had been perturbed by the post electoral crisis, returned to levels more in line with normal Ivorian demand. Sucrivoire benefited from this situation and increased sales of essentially white granulated sugar (the product most in demand by industrial users).

Thanks also to measures taken by Government to combat fraud, the Ivorian sugar industry as a whole posted satisfactory sales. Sucrivoire's sales in particular grew by approximately CFA Francs 8 Billion (Euro 12.2 M) to CFA Francs 44 Billion (Euro 67.1 M) in 2012. However, these sales fell short of budget forecasts, largely because of the absence of export sales during 2012 (10,000 tonnes of raw sugar were exported in January 2013).

The average selling price of sugar for the year on the local market, at CFA Francs 486 (Euro 0.75) per kilo, was slightly lower than last year's average.

By way of reminder, the total cost of the three-year investment programme for the rehabilitation and modernization of both factories is CFA Francs 37.2 Billion (Euro 56.7 M), of which CFA Francs 13.8 Billion (37%) had been disbursed by December 31, 2012. In accordance with the implementation schedule of the investment plan, all required agricultural, irrigation and mill equipment was delivered in time before year end.

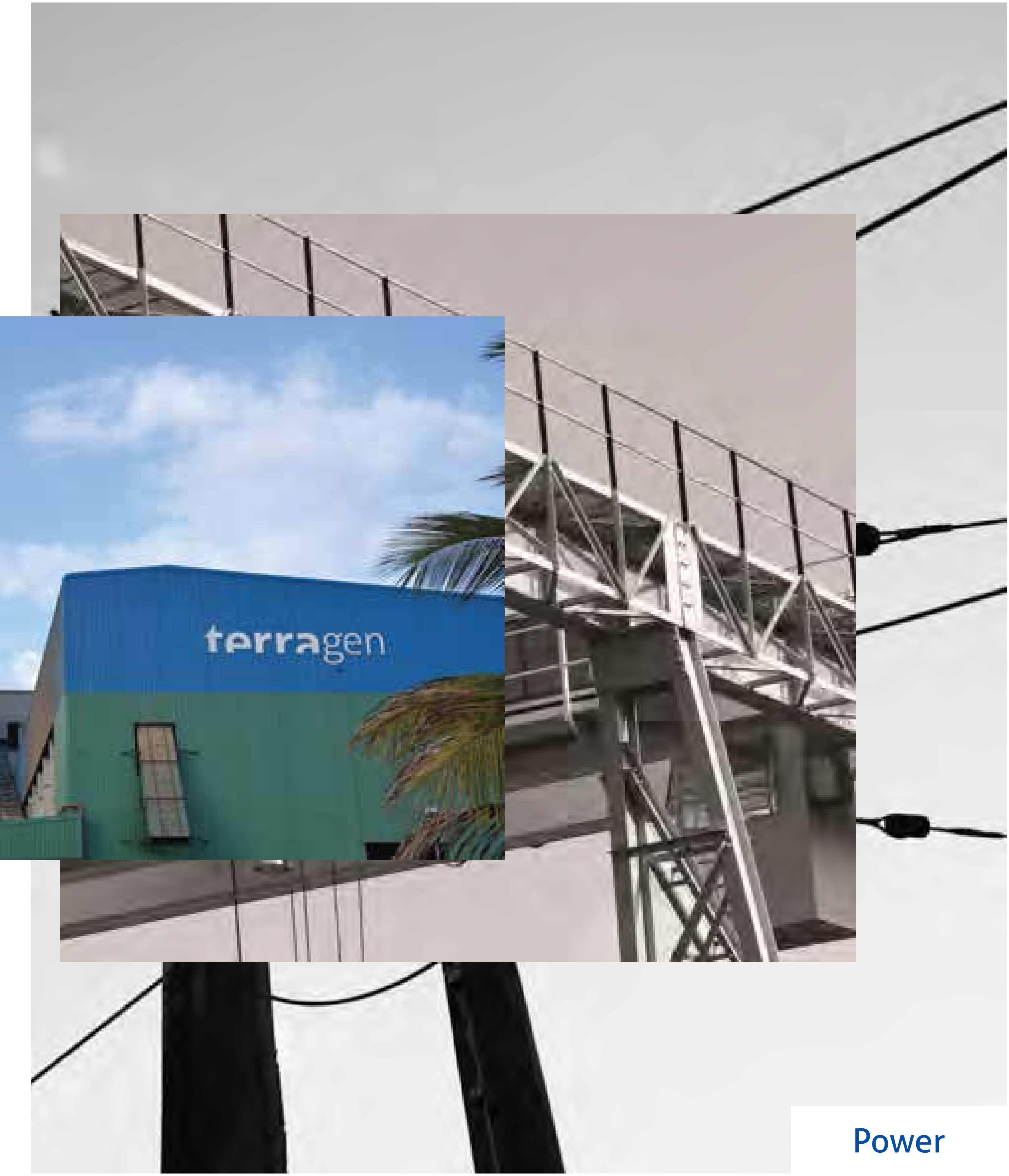
Now that near full potential has been achieved at field level, operational objectives for 2013 concern mainly the mills, the priority being a substantial cut in industrial losses and an improvement in mill extraction.

A production of some 95,000 tonnes of sugar has thus been forecast for the 2012/2013 crop.

Financial results

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

Sucrivoire posted an operating profit of CFA Francs 5.5 Billion (Euro 8.4 M) for 2012, compared to CFA Francs 5.4 Billion (Euro 8.2 M) in 2011.



Power

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

A Power Purchase Agreement (PPA) was signed in 1998 with the Central Electricity Board (CEB), under whose terms Terragen Ltd has to supply electrical power to the grid throughout the year, for a period of 25 years as from the commissioning of its power plant in 2000.

The group, through its wholly-owned subsidiary Société HBM, had at year end a 51% effective interest in Terragen Ltd (Terragen). Other shareholders include a strategic partner, Séchilienne-SIDEC (27%), the Sugar Investment Trust (14%) and the State Investment Corporation (8%). Société HBM, which is now owned at 100% by Terragri Ltd, will be dissolved in 2013 as it no longer serves any purpose.

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

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

Power (cont'd)

Management

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

In line with the Shareholders' Agreement, Séchilienne-SIDEC disposed in 2012 of 33.75% of Terragen Management to Société HBM. The latter now controls 61.75% of the company while Séchilienne-SIDEC has retained a 28.25% holding therein.

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

Performance and operations

The power plant performed satisfactorily during the year, with an availability level of 98% - well above minimum contractual obligations. However, CEB's electricity off-take for the year dropped to 356.7 GWh as compared to 371.3 GWh in 2011.

Following the closure of the Mon Loisir mill, overall bagasse supply to the plant increased by some 35% in 2012 to reach 290,819 tonnes. Accordingly, bagasse - based energy exported to the grid amounted to 106.6 GWh, compared to 89.9 GWh in 2011.

During the year under review, the plant burnt 165,899 tonnes of coal, representing a specific consumption of 663 g per kWh (2011: 638 g per kWh). This poor consumption ratio is attributed to the low electricity off-take, which caused the plant to frequently operate at sub optimal levels, thus severely degrading coal usage ratios.
Once again, the company met its supply commitments to the CEB for the contractual year, which ended in June 2012. In addition, it generated some 24 GWh at a reduced tariff, over and above the minimum off-take. It is equally confident of fulfilling its contractual obligations of 325 GWh for the year ending June 2013.

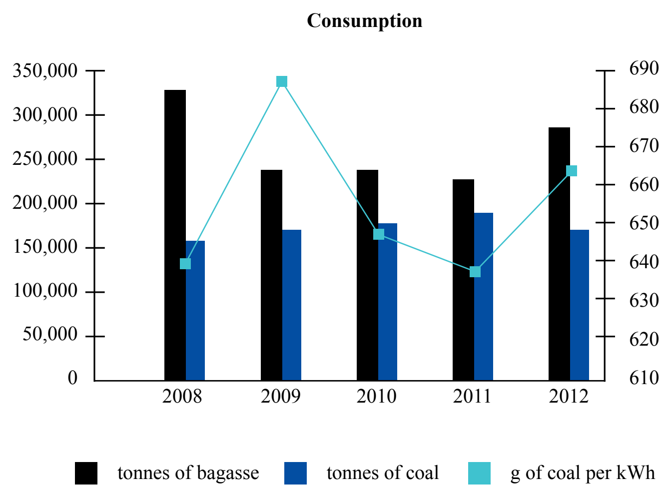
At December 31, 2012, Terragen had 22,556 tonnes of coal in storage, which represents about 40 production days during the intercrop. Works to set up a storage facility for 10,000 tonnes of coal were completed in 2012 and this strategic stock was fully available as from September.

In order to improve the plant's stability in the face of surges on the grid, a series of meetings were scheduled with the CEB to discuss our high voltage protection settings. These talks are still ongoing, and a proposal is expected to be finalised around mid-2013.

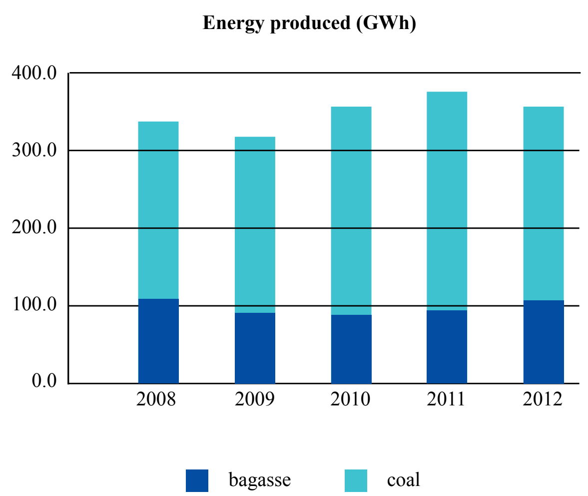
Health and safety issues have always been at the heart of our concerns and we are glad to report that work-related accidents were maintained at a manageable level, which represented 0.48% of overall working hours.

Power (cont'd)

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



	Tonnes of bagasse	Tonnes of coal	g of coal per kWh
2008	321,365	154,674	642
2009	237,475	157,742	686
2010	239,038	171,295	646
2011	215,826	179,591	638
2012	290,819	165,899	663



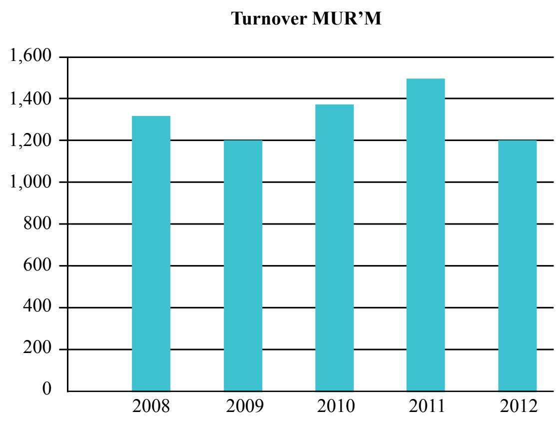
	Bagasse	Coal	Total
2008	108.2	241.0	349.2
2009	90.3	229.8	320.1
2010	88.1	265.2	353.3
2011	89.9	281.4	371.3
2012	106.6	250.1	356.7

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

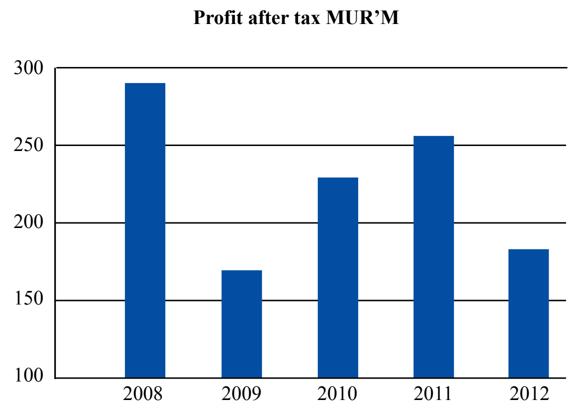
Power (cont'd)

Financial

The energy segment posted a profit after tax of MUR 185 M for the year under review, compared to MUR 252.5 M in 2011. This result was mainly due to a low electricity off-take on the part of CEB coupled with a substantial unfavourable fee adjustment of MUR 49.4 M in respect of contract year 2011/2012. In addition, Terragen having fully repaid its loans during the first semester of the year, the post–debt tariff regime, 21% lower than the previous year, was applied as from July 2012, as per the terms of the PPA signed with CEB. However, in spite of the attractiveness of this tariff, off-take by the CEB for the second semester remained poor, which impacted negatively on the efficiency and profitability of the plant. The above was, however, partly mitigated by lower finance costs, which stood at MUR 25.4 M as compared to MUR 59.0 M last year.



	MUR'M
2008	1,320
2009	1,205
2010	1,318
2011	1,463
2012	1,181



	MUR'M
2008	288
2009	170
2010	227
2011	253
2012	185

Brands

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

Established in 1931, Terra Brands Ltd (ex Grays & Co Ltd) is one of the pioneers of the distillation industry in Mauritius.

Structure

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

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

It also has, through Grays Distilling Ltd, entered into Topterra Ltd (ex Evapo Ltd), a 50:50 joint venture with Island Liquid Fertilizer Ltd, which produces a liquid fertilizer known as Concentrated Molasses Stillage (CMS) from vinasse, a residue from distillation. The plant has been operational since February 2011.

Moreover, Terra Brands Ltd is a 50% partner in a joint venture, namely Les Domaines de Mauricia Limitée. Following the take over of Groupe Quartier Francais Spiritueux in Reunion by La Martiniquaise, Terra Brands bought back its 50% share in Les Chais de L'Isle de France Limitée, thus making "New Grove" rum brand fully owned.

Commercial

Performance

Despite persistently challenging trading conditions, Grays Inc. Ltd managed to grow its turnover by 3.3%, reaching MUR 1.26 Billion for the year. Growth came mainly from our non-alcoholic beverages, cosmetics and home care products and not so much from the wine and spirits sector, for reasons explained below.

In addition to the existing outlets, which also include a L'Occitane franchise on the Caudan Waterfront, the company opened three more retail outlets, Colors & Senses (cosmetics), a new 20/Vin store (wine & spirits) and its first restaurant, "Wine Connection" at Grand Baie La Croisette mall.

Wine and spirits

As a vertically integrated company, Grays exercises control on all stages of local production: from distilling to bottling and packaging, thereby guaranteeing a seal of quality to the finished product. However, due to three successive excise duty increases, consumer prices on cane-based spirits have increased by 70%, leading inevitably to volume shrinkage. Moreover, the market is drifting towards low value brands, as disposable income continues to erode.

Imported spirits performed well since their excise duty increases have been much lower than those of goods produced in Mauritius, thus closing, to a certain extent, the price gap.

Export markets

Our subsidiary in Madagascar (East Indies) has improved its profitability and prospects are dependent on the political climate. Our associate in Seychelles (Providence Warehouse) has performed well due to the improvement of the systems in place and should continue to do so.

Bulk spirits exports were on the increase, although prices remain under pressure.

Our brands, mainly KGB Vodka, are growing steadily in dynamic export markets and our marketing efforts and positioning are materialising into volumes. New Grove, our premium rum brand was purposefully held back due to a complete packaging upgrade and is being reintroduced in export markets.

Personnel

Much importance has been given to the training of our teams, not least through the rebranding exercise that the group has embarked on. Our mission was to share the common values, beliefs and ideals that extend beyond our work and into our communities with all our employees.

An E-Performance Management System (e-PMS) and Employee Self Service programme were also implemented to reduce utilisation of paper at work, to increase performance and for employees to have more accessible human resourses services.

The staff turnover remained stable throughout the year and we have hired key talents for our newly opened shops and restaurant.

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

Brands (cont'd)

Production of alcohol and liquid fertilizer

Better steam supply allowed the distilling campaign, as well as CMS production by Topterra Ltd, to stretch for 190 days in 2012, compared to 167 days in the previous year. Alcohol production reached 5.8 M litres (4.4 M in 2011). That performance was achieved as a result of improved coal grade supply and a better yield in fermentation. With extra availability of vinasse, Topterra could thus produce a total amount of 28,126 tonnes of CMS, compared to 22,471 tonnes in 2011, an increase of 25.2%.

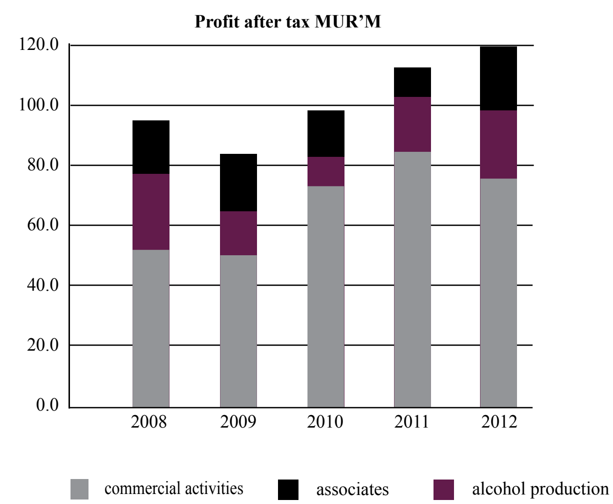
On the export side, logistics was improved due to better availability of export containers.

During the year, a new system of adding "heads" and "tails" alcohol to coal marginally improved the boiler efficiency and resulted in appreciable savings in energy costs. Additional upgrading of the distillery is in progress and should further improve its efficiency.

Results

The Commercial and Alcohol Production segment improved turnover by 5.5% for the year to reach MUR 1,42 Billion, while after tax profits increased to MUR 118.5 M (2011: MUR 113.1 M).

	Commercial activities	Alcohol production	Total
2008	918.8	94.2	1,013.0
2009	959.0	102.2	1,061.2
2010	1,066.9	113.0	1,179.9
2011	1,217.0	132.0	1,349.0
2012	1,257.5	165.1	1,422.6



	Commercial activities	Alcohol production	Associates	Total
2008	50.8	23.6	16.2	90.6
2009	50.6	14.7	18.7	84.0
2010	70.8	11.0	15.8	97.6
2011	86.9	16.7	9.5	113.1
2012	76.7	21.7	20.1	118.5

Property management and construction

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

Property management

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

In 2012, Sagiterra launched Harmony, a new residential development in the region of Pointe aux Piments for Terragri Ltd. This project has been developed in accordance with the Maurice Ile Durable concept. A photovoltaic farm for street lighting, French drains in replacement of concrete ones, minimum hard surfaces and extensive landscaping have thus been put in place. Infrastructural works will be completed by the second semester of 2013.

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

Property management and construction (cont'd)

Property management (cont'd)

Proceeds on land disposals of MUR 39.9.M (2011: MUR 28.9 M) were received during the course of the year and a profit of MUR 22.8.M was recognised thereon (2011: MUR 18.9 M).

Demand for office space at the Beau Plan Business Park has continued to be slack, owing to the strong competition from the Ebène hub, excess supply and severe traffic difficulties affecting the North. The expected opening in 2013 of the new Ebène – Terre Rouge highway should normally irrigate the North region and boost property values and demand for office space.

Applications for land conversion have been made for the identified strategic development nodes. The processing of such applications by the authorities is closely followed, with all queries being promptly handled and answered.

2012 was yet another difficult year for Sagiterra, due mainly to long administrative delays in issuing clearance certificates and permits. Projects launched in 2011 have thus suffered undue delays and will only be completed in 2013.

Sagiterra earned fee and commission income of MUR 26.5 M during the year (2011: MUR 20.9 M) and recorded profits after tax of MUR 2.7 M (2011: MUR 0.1 M).

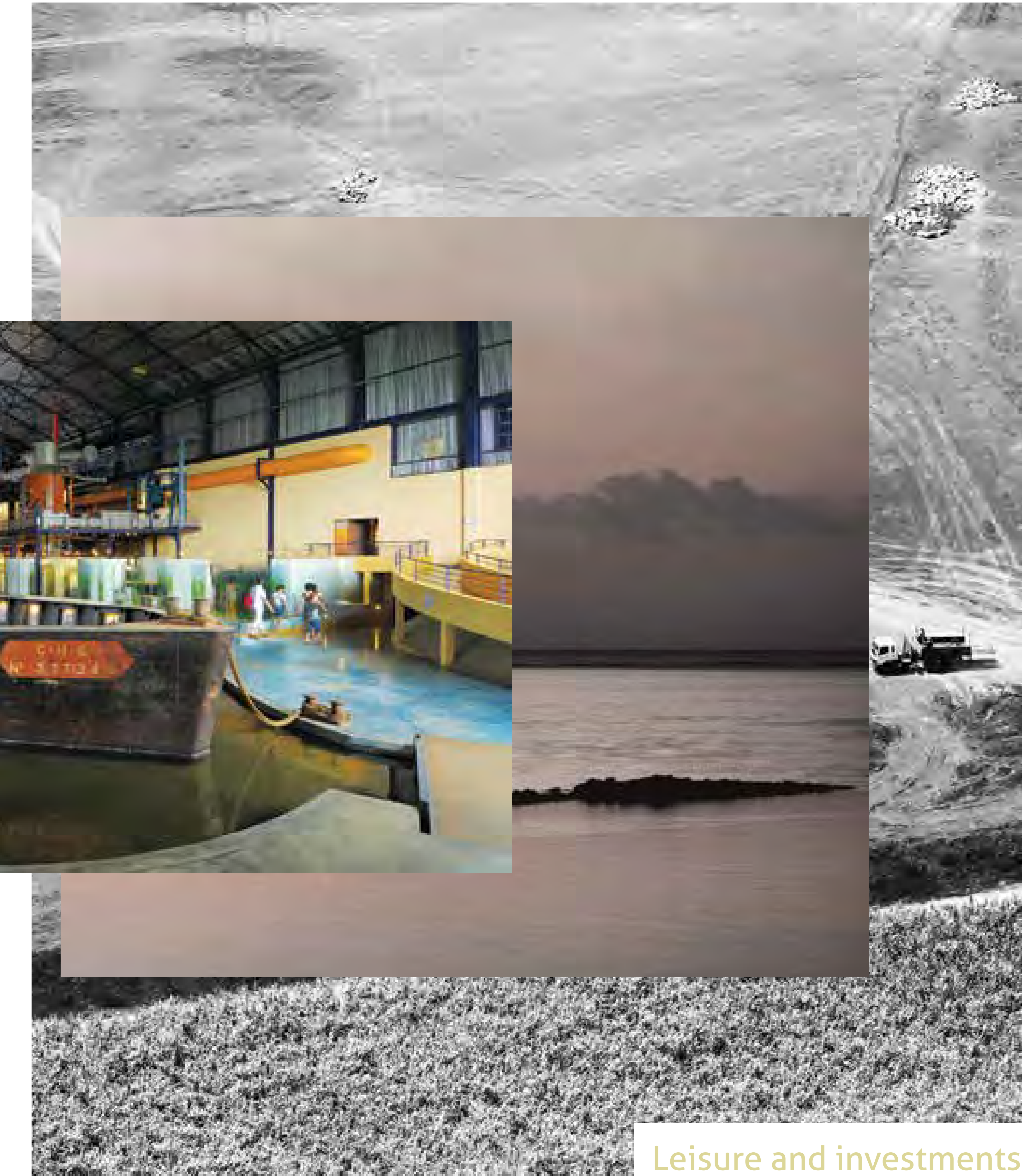
Construction

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

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

While turnover grew marginally in 2012 by 2%, production costs deteriorated by 5.9%, mainly due to increases in input and transport costs. Profit after tax decreased by MUR 5.2 M to MUR 24.9 M.

RGC is one of the leading multi-disciplinary construction companies in Mauritius and is managed by Grinaker-LTA South Africa under a management contract. The recent downturn in the economy, coupled with negative performance on a number of contracts, caused our share of RGC's to amount to MUR 46.1 M for the year, compared to a loss of MUR 11.3 M in 2011.



Leisure and investments

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

Leisure

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

Sugarworld Ltd has now positioned itself as one of the major players of the tourism industry in Mauritius and since its opening in 2002 has welcomed more than 700,000 visitors.

L'Aventure du Sucre is the only museum in Mauritius, which is dedicated to the history of sugar. Strong emphasis is placed on an unusual and exceptional experience, so that visitors recommend such experience to those around them. The on-going economic turmoil is having a negative impact on Sugarworld Ltd but the management team ensures that the company is properly equipped to face this challenging environment. Marketing strategy is being aimed at emerging markets and necessary actions are taken to ensure business continuity on the local market. Continuous efforts are made towards strict cost management.

Thus, despite the fact that the tourism sector continues to bear the brunt of the Euro Zone crisis, Sugarworld has managed to stabilise its turnover level at MUR 54 M for the last two years. However after tax profits dropped by 17.2 % to MUR 4.8 M in 2012.

Financial Services

The merger of Swan group with Cim Insurance Ltd was completed in June 2012 and Terra's effective holding is now 33% in the Swan group.

The Swan group profit after tax decreased by MUR 29.3 M to MUR 183.5 M mainly due to expenditure of an exceptional nature amounting to MUR 65.8 M and attributable to the merger. However, despite the fierce competitive environment which prevails, operational results are satisfactory. Gross premium of the Swan group increased by 19% from MUR 3.3 Billion in 2011 to MUR 4 Billion in 2012. It has been possible to improve the company's underwriting surplus through a prudent underwriting approach, coupled with rigorous claims management. Underwriting surplus thus reached MUR 400 M in 2012, up from MUR 318 M in 2011. The organic growth achieved as a result of the merger with Cim will no doubt strengthen Swan's position as market leader.

If we exclude the effects of the merger, the group's Long Term Operations results improved by 12.5%, driven mainly by the growth achieved in the company's pensions operations. However, the life assurance sector remains challenging, amidst the fragility of both local and global economies. There has also been a shift in attitude on the

Managing Director’s review of operations (cont’d)

Leisure and investments (cont’d)

part of life policyholders who are now looking more for guaranteed returns, thereby favouring “with-profit” policies at the expense of “unit-linked” ones. The launch of a new product in 2012, the Money Harvest Payment by Instalment Policy, addressed this shift in consumers’ expectations. Despite the difficult economic conditions, total net premium of the Life Assurance Fund increased from MUR 1.9 Billion in 2011 to MUR 2.2 Billion in 2012. The life assurance fund of Anglo-Mauritius rose by 18% to reach MUR 24.3 Billion.

The contribution of Swan to group after tax profit amounted to MUR 54 M (2011 MUR 64.8 M).

Commodity trading

The group owns a 41.9% interest in Alcohol and Molasses Export Ltd, a company whose main activity is to trade in molasses.

The group’s share of after tax profit of Alcohol and Molasses Export Ltd for the year increased to MUR 26.7 M (2011: MUR 15.1 M)

Orange Madagascar

The group’s effective interest in Orange Madagascar is 5%.
The company performed rather well in 2012, with after tax profits of MUR 191.3 M (Euro 4.7 M).
Turnover increased by 5.2 % to MUR 2,699.7 M (Euro 66 M) on the back of non-voice services such as wholesale activities, internet mobile and orange money. Voice services to the public are in decline compared to 2011, due to the poor economic conditions which prevail in Madagascar. General elections are due to be held in the first semester of 2013 and, hopefully, the country will achieve political and economic stability after the elections.

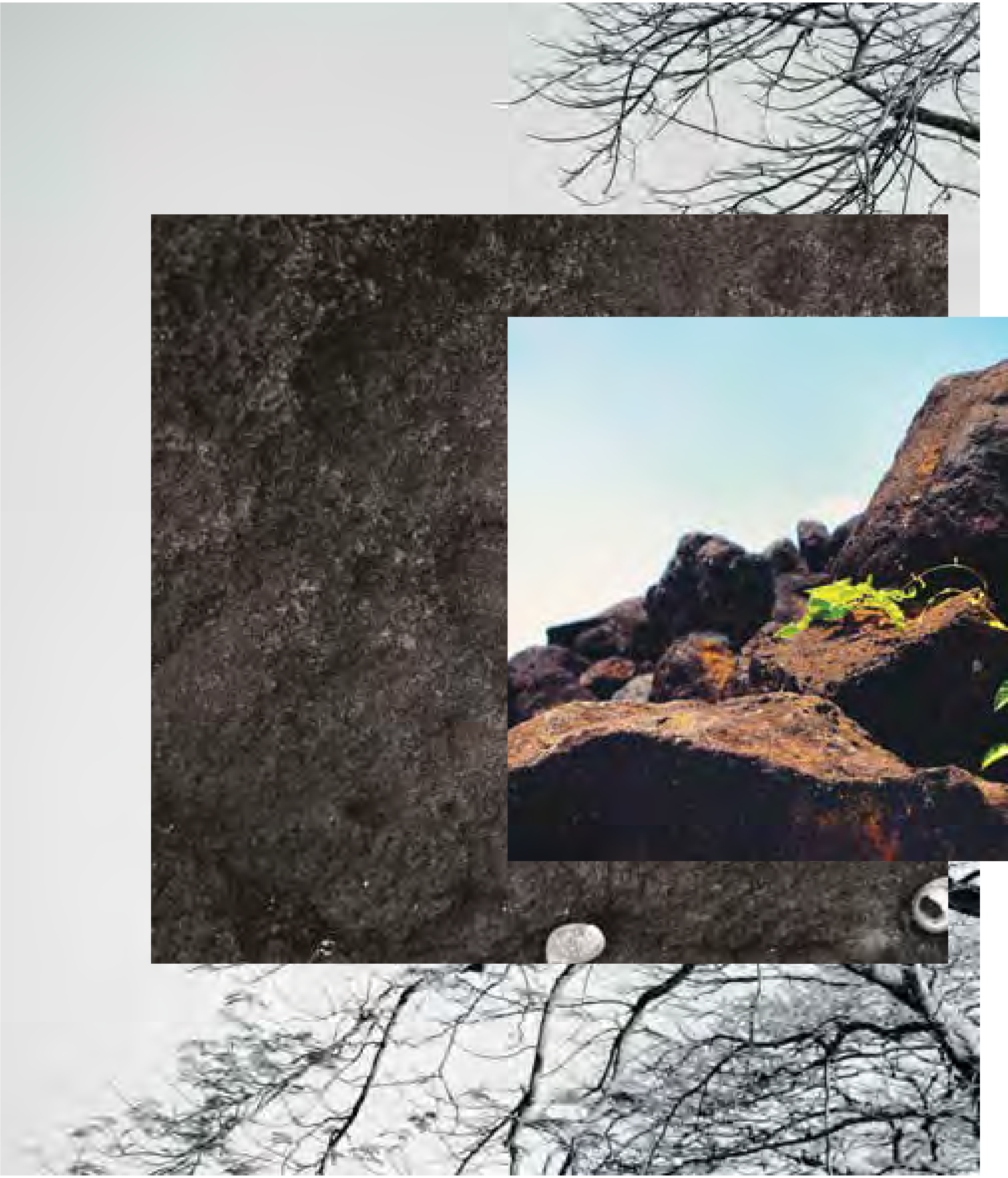
On March 06, 2013, the Board declared a dividend of MUR 349 M (Euro 8.5 M), payable by end of June 2013.

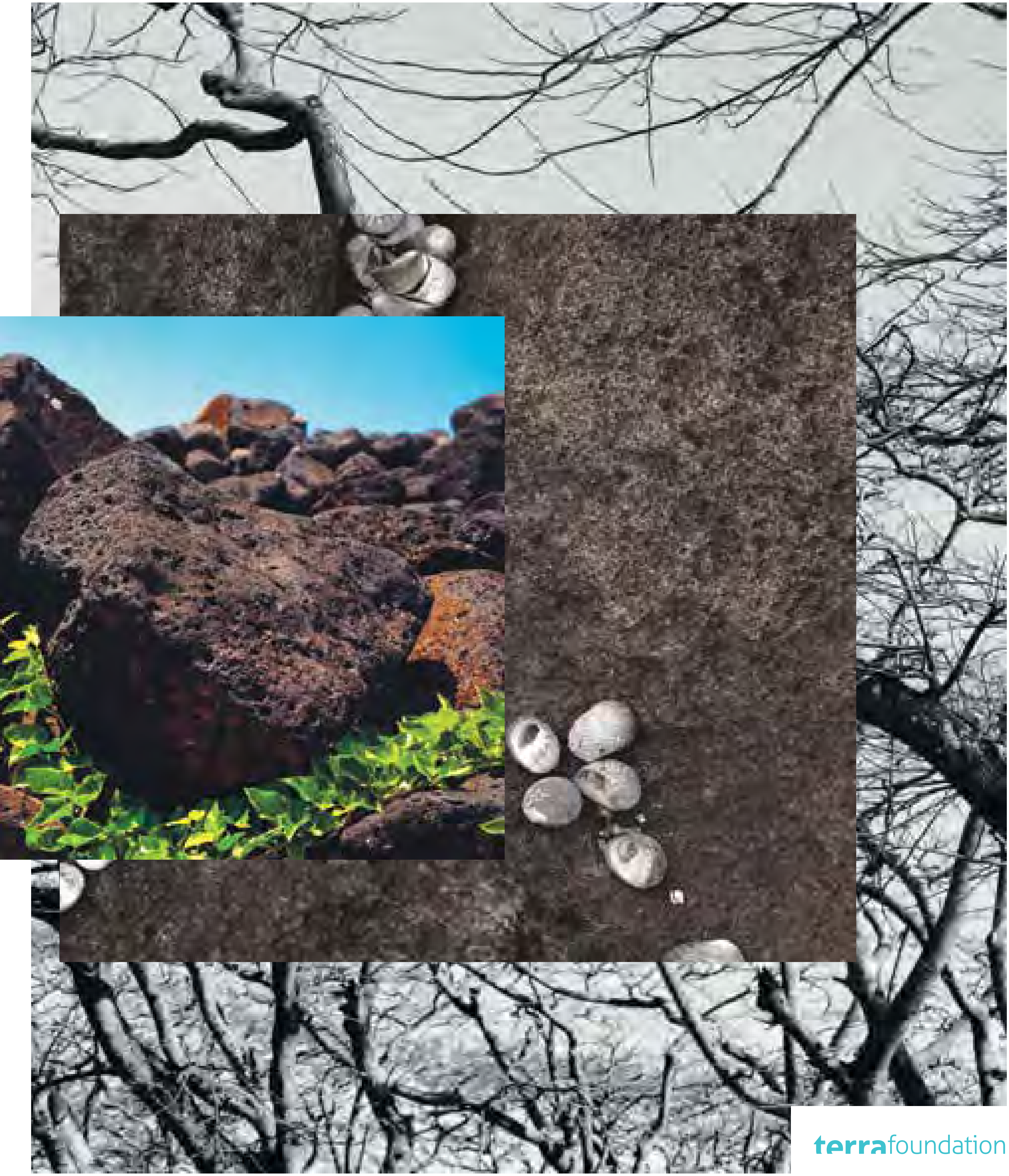
Maritim (Mauritius) Ltd

The group held a 4.23% stake in Maritim (Mauritius) Ltd, which it disposed of to the latter in June 2009 by exercising its minority buy-out rights under sections 108 and following of the Companies Act 2001. However, it objected to the buy out price which it considered not to be fair and reasonable, and the dispute was submitted to arbitration, as provided by law. The arbitrator gave a favourable ruling on August 30, 2012 and awarded an additional sum of MUR 20 M with interest at 2% above the Repo rate since June 17, 2009, representing a 90% increase on the initial price. The profit realised on that investment finally amounted to MUR 37.6 M out of which MUR 20 M was accounted for in 2012.

Nevertheless, the group remains a shareholder of Maritim (Mauritius) Ltd through a 2.8% stake inherited from the amalgamation with The Mount Sugar Estates Co Ltd in 2010.

Cyril Mayer
Managing Director
May 15, 2013





terrafoundation

Terra Foundation

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

In 2012, the community days involving the staff of the group were dedicated to the transformation of a container into a second hand shop for Caritas Solitude, followed by a recreational day for the vulnerable kids of the area. The staff also welcomed Rodriguan students on an educational tour of Mauritius at Belle Vue and a recreational day was organised for the boys of a shelter in the north for Christmas. Terra Foundation also contributed to a social housing project.

The various other projects supported by the foundation in 2012 according to its areas of intervention are as follows:

Education and Training

Committed to its objective of preparing the present generation to face future challenges, the foundation increased its aid towards educational projects through:

Terra Foundation (cont'd)

- ***Les Amis de Zippy*** a programme helping children to manage their feelings, reduce violence and most importantly relieve them of their suffering. This programme is monitored by the *Institut Cardinal Jean Margeot (ICJM)*. A total of eight schools were subsidised in 2012;

- **The ZEP school H. Ramnarain** in Terre Rouge for the Assistant School Community Facilitator, remedial teachers, the parents club, and other activities, with the aim of assisting the school team to address the recurring pattern of failure at the end of the primary cycle, namely for the Certificate of Primary Education (CPE) examinations. This is done by giving support as from standard III in order to achieve gradual improvement by the time the children reach the CPE level;

- ***The Mouvement Civique de la Baie du Tombeau*** for its non formal school Ecole de la Vie, through the funding of a teacher and an assistant;

- ***Action Familiale*** for their Family Life Education aiming at the holistic human development and growth of young people to empower them to better manage their sexuality and thus reduce teenage pregnancies and further complications;

- ***LEAD* – Leadership and Empowerment for Action and Development** for their project 'Tibaz' which provides information advice and guidance to youngsters for a responsible sexuality in order to prevent current social ills;

- ***Collège Technique St Gabriel*** through scholarships to three students of low income families;

- ***Quartier de Lumière*** for one remedial teacher and an assistant at their educational centre *'La Ruche'*;

- ***Comité Cité Quartier de Pamplemousses,*** via Lions Club of Pamplemousses for a *'Centre d'Eveil'*;

- ***Association des Parents d'Enfants à Besoins Spéciaux*** for the fees of an educator;

- ***Centre Teresa Ball*** of the Institute of the Blessed Virgin Mary for eight new laptops and three second hand computers to start an IT class;

Terra Foundation (cont'd)

- ***College Technique St Montfort*** through the sponsorship of three students;
- ***SEED Caritas Solitude*** for the project 'La Caze Lespwar' and the financing of tertiary courses for two youths;
- ***Caritas Ile Maurice*** for educational outings of ten group of kids of the south;
- **ARISE,** for the counselling services for one child.

Meal Allowance

The following NGOs were supported for the daily meals of some 181 children:

- ***Atelier de Formation Joie de Vivre***
- ***Comité Quartier Cité de Pamplemousses***
- ***Association Amour Sans Frontières***
- ***Etoile du Berger***

Disabled children

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

- ***Lizie dan la main,*** renewing a twenty-three years long partnership, with the sponsorship of part of the educational staff since 2012;
- ***Association Dominique Savio*** for the fees of the caregivers;
- ***Association la Courte Echelle*** for the sponsorship of two children of low income families;
- ***Association Anou Grandi*** for the upgrading of their centre with two movable sheds providing a covered lunch area for the children and youths;
- **Society for the Welfare of the Deaf** for their public collection;
- **APEIM** for the acquisition of required materials for crafts made by young adults.

Poverty Alleviation and Health Care

Poverty Alleviation

Social housing – Terra Foundation contributed towards the building of five houses in the 'Chemin Rail and Amaury Housing Project', which is a joint project with *'GML Fondation Joseph Lagesse'* and *'Alteo'*. Some permits and authorizations are still being processed but the project should start in 2013.

Besides, the foundation supported the following NGOs working in this field:

- ***SAFIRE*** for the rehabilitation of street children at Cité Mère Théresa in Triolet, financing a social worker for the daily monitoring and follow-up of some twenty-five out-of-school children and for training sessions for unemployed women;
- **SOS Children's Villages Mauritius**, renewing the support for two abandoned children;
- ***SEED Caritas Solitude 'La Caze Lespwar',*** for their 'jumble sale shop' and for the transport of the children to attend swimming classes;
- ***Yalla association***, for an outing for the vulnerable children of the north;
- ***Centre Teresa Ball*** **(IBVM)** for an outing for the children coming from the poor areas of Curepipe;
- ***Human Service Trust*** for a Christmas party, part of their residential care project for abandoned children *'L'Oiseau du Paradis'*.

Health Care

The foundation supported the following NGOs providing facilities and services to enable their beneficiaries to better cope with their diseases:

- **Link to Life**, for the rental of their centre at Maison Blanche and transport for their beneficiaries for their international marathon;
- **T1 Diam's** catering for children suffering from type 1 diabetes for the partial sponsorship of medical materials required for their daily glucose monitoring and a contribution for their educational and recreational activities;

Terra Foundation (cont'd)

• ***Centre d'Accueil de Terre Roug***e for their rehabilitation programme;

• ***Muscular Distrophy Association for three wheelchairs.***

Environment

The foundation renewed its sponsorship to the **Mauritian Wildlife Foundation** for the field expenses in the conservation of the Mauritian Echo Parakeet.

Sports

The projects sponsored in 2012 were those of ***Association de Développement de Pamplemousses,*** for the equipment of a football school and the **Trust Fund for Excellence in Sports.**

Projects sponsored in Rodrigues

The development of Rodrigues, considered as a pocket of poverty, is important to the foundation that earmarks a budget for Rodriguan projects every year. In 2012, the following projects were sponsored:

• ***Caritas Rodrigues*** for the daily meals of some 239 children of very low income families;

• ***Centre Frère Rémy*** of Caritas Rodrigues, for agricultural equipments; Caritas Rodrigues for the fees of University studies in Mauritius for three youths;

• ***The 'Association des Écoles Ménagères de Rodrigues'*** for industrial kitchen equipment;

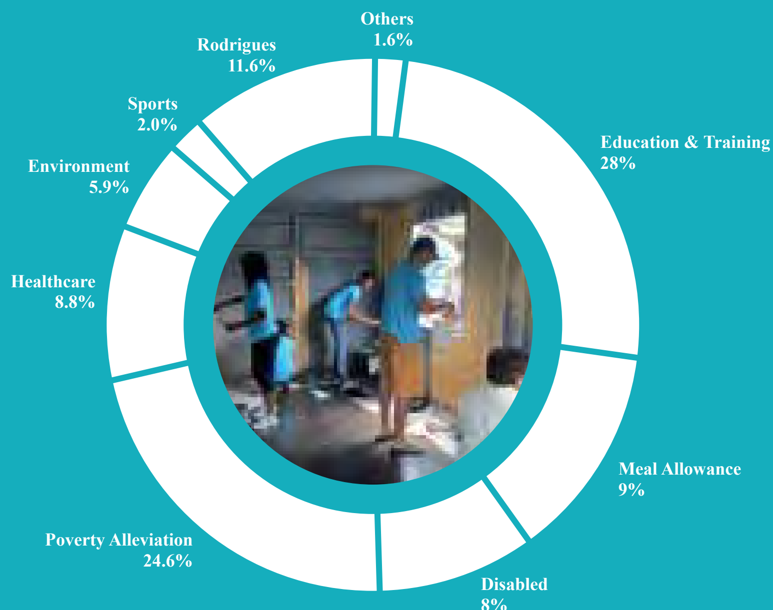
• The ***'Association des Écoles Maternelles de Rodrigues'*** for four bush cutters for the maintenance of the yards;

• The sponsorship of one day of activities for five schools coming to Mauritius for their educational tour;

• ***RCEA Rodrigues*** for their summer programme aiming at preventing loss of academic skills during holidays.

Percentage of contributions

The foundation received a total of MUR 14.1 M, including contributions from non-group entities. After deduction of administrative expenses, the funds were allotted to NGOs and projects as follows:



Louis Denis Koenig
Chairman, CSR Committee
May 15, 2013

Human resources

Mission statement

Terra is a value driven entity and as such, we strive to ensure that our Human Resources (HR) leadership is aligned to our values, and to the group's new vision that we want to embrace. Aligning and integrating all the different entities of the group in order to maximise our return on investment and secure sustainable development for all our employees will help us achieve this strategy.

Review of actions

During the last financial year, the HR department spared no effort in building the new Terra team, took innovative measures to retain the best talent and provided to the companies of the group the right expertise, support and guidance.

In line with our mission, a series of HR actions were initiated during the year to uphold the new Terra culture, namely:

- The formulation and implementation of group HR strategies, policies and procedures to achieve our business objectives;
- The coordination of all the internal and external communication related to the rebranding exercise;
- The organisation of meetings with the group Managing Director for all the employees of the group to better understand the values, mission and objectives of the group;
- The launch of our intranet named "Interraction" to facilitate communication and exchanges within the group;
- The organisation of various welfare activities for our employees to enhance the employees' sense of belonging and team spirit;
- The implementation of a job satisfaction and engagement survey to measure the level of satisfaction within all the different group companies and reinforce our position on the labour market as en employer of choice:
  - The information collected from the survey allowed the department to have a thorough understanding of what needs to be undertaken to align the management's and employees' expectations in regard to performance, productivity and work environment;
  - 85% of our employees felt a sense of belonging to their respective companies;
  - 87% were proud to be employees of Terra;
  - 81% would recommend employment within their respective companies to their relatives and friends.
- Investment in learning and development for both managers and employees to grow our people and to maintain business competitiveness as they are integrally linked to our success.

In 2012, we spent MUR 4.4 M in training, which represents an average of some MUR 3,300 per employee.

Objectives

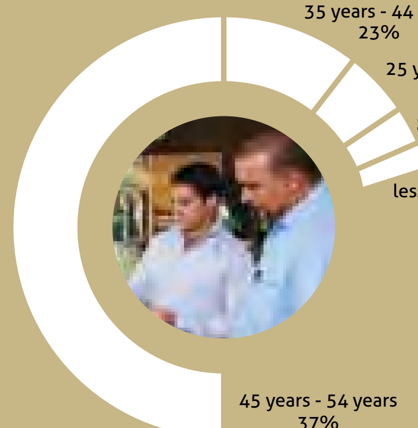
In the coming year, we shall focus on:

- The evaluation of the skills and talents of every key performer to contribute to their success, thus developing a thorough succession plan for the group;
- The implementation of an effective Performance Management System adapted to each and every company of the group to increase efficiency, communication and performance;
- The development of a training needs analysis for our employees and a reappraisal of training initiatives for more cost-effective training programmes;
- The improvement of internal and external communication via our intranet and other available media;
- The celebration of our 175 years of existence by organising various welfare and team building events for the group's employees.

Human resources (cont'd)

Proportion of employees (out of a total of 1,334) per group company as at December 31, 2012

Age groups of employees as at December 31, 2012



Board of Directors

From left to right

Dominique de Froberville

Daniel Nairac - *Chairman*

Alexis Harel

Alain Vallet

Francois Montocchio

Henri Harel

Cyril Mayer - *Managing Director*

Jean de Fondaumière

Maurice de Marassé Enouf

Margaret Wong

Hubert Harel

Board profile

Daniel Nairac (69 years old)

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

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

Maurice de Marassé Enouf (67)

Nonexecutive director
First appointed to the Board 2007

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

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

Jean de Fondaumière (59)

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

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

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

Dominique de Froberville (53)

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

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

Alexis Harel (50)

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

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

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

Henri Harel (52)

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

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

Directorship of listed companies:
- Swan Insurance Co Ltd

Hubert Harel (48)

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

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

Cyril Mayer (61)

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

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

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

François Montocchio (67)

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

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

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

Alain Vallet (58)

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

Alain Vallet joined the group in 1979 as marketing executive for wine and spirits. He actively participated in the re-engineering of the Grays cluster in the early eighties and was appointed Chief Executive Officer in 1989 and a Grays director in 1993. He is a member of Terra's Management Committee. He has served on a number of private sector institutions, such as The Mauritius Chamber of Commerce and Industry, the Association of Mauritian Manufacturers and the Mauritius Employers Federation.

Directorship of listed companies:
- Compagnie des Magasins Populaires Ltée

Board profile (cont'd)

Margaret Chui Puing Wong Ping Lun (59)

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

Margaret Wong worked as Manager of the Consultancy Department of De Chazal Du Mée, Chartered Accountants, between 1985 and 1990, when she joined the University of Mauritius as Lecturer in Accounting and Finance. She is a member of the Listing Executive Committee of the 63 Stock Exchange of Mauritius and serves as an independent director on the Board of The Mauritius Commercial Bank Ltd.

Directorship of listed companies:
- The Mauritius Commercial Bank Limited

Louis Denis Koenig (46)

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

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

Management information

Group functions:

Management Committee

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

* Also serves as Secretary to the Committee.

Profiles of Management Committee members are set out on pages 61,62 and 67.

Accounts

Steeve Lareine	Group Accountant

Human Resources

Gilbert Bouic	Group HR Manager (Sugar Operations)
Vincent de Marassé Enouf	Group HR Manager (Commercial Operations)

Information Technology

John Laguette	Group IT Manager

Corporate Social Responsibility

Marie-Annick Auguste	CSR Officer

Cane:

Mauritius

Jean Arthur Pilot Lagesse	General Manager
Reynolds Laguette	Factory Manager

Côte d'Ivoire

Jean-Claude Conquet	General Manager

Power:

CTBV Management Co Ltd	Managers
Jean-Michel Gérard	Plant Manager

Brands:

Bottling and distribution

Alain Vallet	Managing Director
Alexis Harel	Commercial Director

Distillery

Patrice Gourel de St Pern	Plant Manager

Property management:

Bernard Desvaux de Marigny	Managing Director

Stone crushing and block making:

The United Basalt Products Limited	Managers

Leisure:

Edwige Gufflet	Managing Director

Profiles of Managers are set out on pages 66 and 67.

Management team

From left to right

Vincent de Marassé Enouf

John Laguette

Louis Denis Koenig

Marie-Annick Auguste

Sebastien Mamet

Bernard Desvaux de Marigny

Jean Arthur Pilot Lagesse

Alexis Harel

Edwige Gufflet

Cyril Mayer

Alain Vallet

Patrice de St Pern

Steeve Lareine

Reynolds Laguette

Jean-Michel Gérard

Henri Harel

Gilbert Bouic

Management profile

Marie-Annick Auguste (42 years old)

BA Degree in Psychology and Communication (South Africa)

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

Gilbert Bouic (61)

Dip. in Occupational Safety & Health (Australia) Advance certificate in HR Management (MEF/Unv. of Surrey)

Gilbert Bouic joined the Group in 1973. He occupied various positions from Assistant Accountant, PRO to HR Manager in sugar companies of the Group and is actually Group HR Manager at Terragri Ltd (Agriculture). He is an Associate member of the Chartered Institute of Management (ACMI).

Jean-Claude Conquet (64)

Engineer (France)

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

Bernard Desvaux de Marigny (56)

Member of the Mauritius Institute of Surveyors (MMIS)

After qualifying as a Land Surveyor in 1981 and being in practice until 1987, Bernard Desvaux de Marigny set up the partnership of "Desmarais-Desvaux, Arpenteurs" which he co-managed until 2001, when he joined the group as General Manager of Sagiterre Ltée.

Jean-Michel Gérard (54)

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

Patrice Gourel de St Pern (54)

Certificate in Management Development (RASITC)

After working at the St Antoine distillery between 1979 and 1981, Patrice Gourel de St Pern joined the group in 1981 as Shift Supervisor at Grays Refinery Ltd. He was appointed Assistant Plant Manager in 1988 and Plant Manager in 1995. He is a member of the International Institute of Risk and Safety Managers and of the Association of Health and Safety Managers.

Edwige Gufflet (44)

Maitrise en Sciences Economiques (France) MBA (USA)

Holder of a MBA and Political Sciences diploma, Edwige Gufflet started her career in the banking sector in 1993 up to 1998. She then moved on to project management at Ciel Textile Ltd in 2003. In 2003, she joined L'Aventure du Sucre as General Manager and was promoted as managing director in December 2012.

John Laguette (33)

BSc (Hons) (UK), MSc (UK), MBCS

After completing his studies in London in 2003, John Laguette started his professional career as IT Coordinator for the group. He left the company to join La Sentinelle Ltée in 2004 in the capacity of System Administrator. He was recruited back by the group in 2005 to serve as Group ICT Manager and was subsequently appointed Chief Information Officer in 2011. John Laguette is a professional member of the British Computer Society.

Reynolds Laguette (60)

Member of the Institute of Engineering and Technology (UK), MBA (England)

Reynolds Laguette joined the group in 1974 as Instrumentation Engineer at the Belle Vue sugar factory. He was appointed Factory Assistant in 1983, Plant and Operations Manager in 1993, Deputy Factory Manager in 2004 and Factory Manager in 2006. He is a member of the Société de Technologie Agricole et Sucrière de Maurice and of the International Society of Sugar Cane Technologists.

Steeve Lareine (48)

Fellow of the Association of Chartered Certified Accountants (UK)

Steeve Lareine has been a Fellow of the Association of Chartered Certified Accountants since 2004 and is a member of the Mauritius Institute of Professional Accountants. He started his professional career with De Chazal du Mée & Co, Chartered Accountants, in the Auditing and, subsequently, in the Consulting Department. Before joining the group, he was in employment as Divisional Accountant at Rey & Lenferna Ltd. Steeve Lareine is also the Finance Manager of Terragen Ltd.

Sébastien Mamet (37)

Chartered Accountant (UK)

After working in the audit department of Ernst & Young London and Mauritius for eight years, Sébastien Mamet joined the Corporate Finance division of PricewaterhouseCoopers Mauritius in 2004. As Senior Manager of the division, he advised clients on M&A, business plans, finance raising and financial restructuring, among others. He joined Harel Frères in 2009 to head its new strategic development function. As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments.

Vincent de Marassé Enouf (32)

BSc (Psych) & Bcom (HRM and IR) (Australia)

After completing his Double Degree at Curtin University of Technology, Perth, Western Australia, Vincent started his career as an HR Coordinator at Roger Fayd'herbe in 2006 and joined Grays in 2007 as HR Officer. He was then promoted as HR Manager and subsequently appointed as Group HR Manager - Commercial Operations in July 2010.

Jean Arthur Pilot Lagesse (52)

BSc Agriculture (RSA), MBA (UK)

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

Corporate Governance report

Statement of compliance

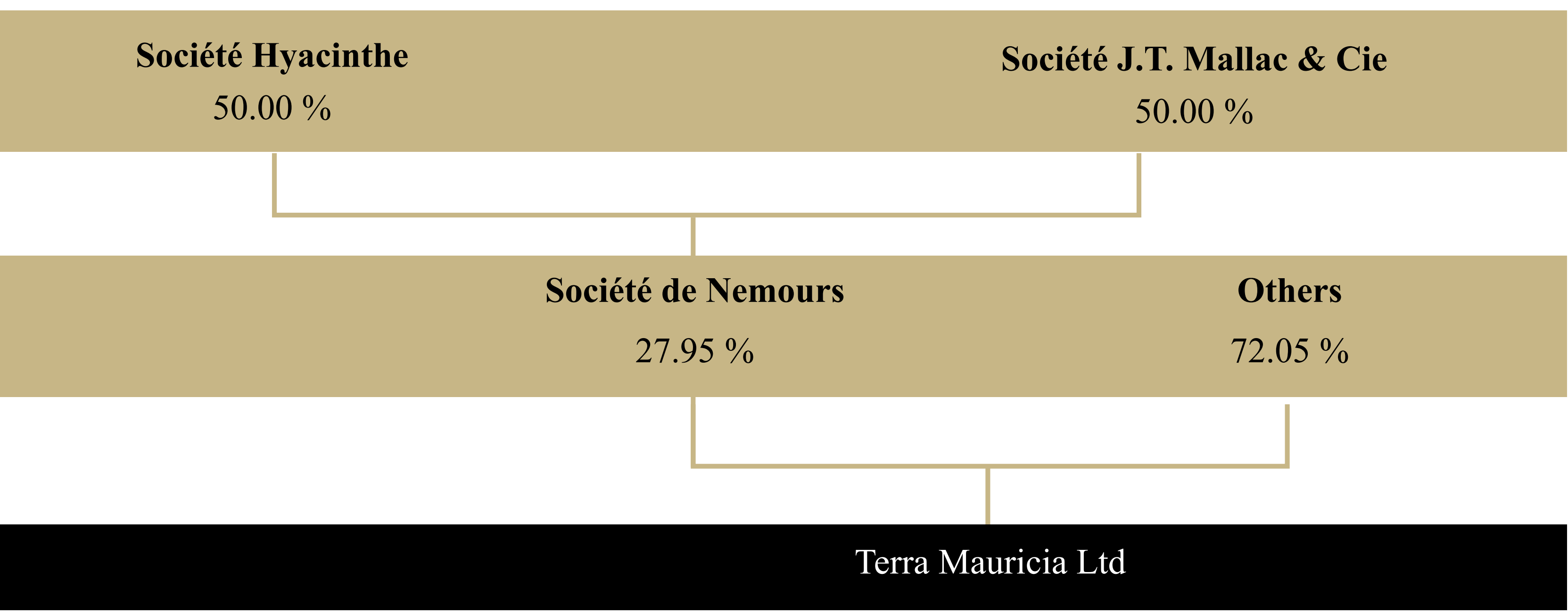
The Report on Corporate Governance for Mauritius, which was published in 2003, provides that companies listed on the official list of the Stock Exchange of Mauritius, must comply with the provisions of the Code of Corporate Governance (the Code).

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

Except as specifically set out in this report, the Board considers that the group has complied in all material respects with the provisions of the Code for the reporting year ended December 31, 2012.

Holding structure

As at December 31, 2012 the holding structure of Terra Mauricia Ltd (Terra) was as follows:



Corporate Governance report (cont'd)

Substantial shareholders

As at April 30, 2013, the following shareholders were directly or indirectly beneficially interested in 5% or more in the share capital of Terra:

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

It should be noted that Moulin Cassé Ltée holds its indirect interest through Société Hyacinthe, which is a member of Société de Nemours.

To date, no other entity or individual has reported an interest of 5% or more in the share capital of the company.

Corporate Governance report (cont'd)

Common directors

A number of directors were, at December 31, 2012, common to Terra and the above-mentioned holding entities. The details are set out in the following table:

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

**Chairman*

Shareholders' agreement

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

Constitution

The constitution of Terra is in conformity with the provisions of the Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius.

The salient features of the constitution are:

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

Corporate Governance report (cont'd)

Constitution (cont'd)

On December 28 and 30, 2011, applications under Section 178 of the Companies Act were lodged before the Bankruptcy Division of the Supreme Court by certain dissenting shareholders of Harel Frères Limited (now Terragri Ltd), representing some 6.4% of the share capital, alleging that they had been unfairly prejudiced by the scheme of arrangement approved by a majority of shareholders on November 23, 2011 (the "Scheme"), and requesting the buy back of their shares at "fair value" or the payment of compensation in a sum in excess of MUR 64 per share held by them.

On the same day, the Board of Terragri Ltd, in order to reassure the dissenting shareholders that their rights had not been affected by the Scheme, decided to amend the constitution of Terra, before the effective date of the Scheme, so that any matter that would have required the approval of the shareholders of Terragri Ltd would be submitted for the approval of those of Terra. Corresponding amendments were brought to the constitution of Terragri Ltd after the effective date of the Scheme.

The Board of directors has been advised that the above claim is misconceived. Counsel has further opined that the claim amounts to an abuse of the process of the court. The claim has been resisted and the matter has been heard on May 25, 2012. The judgement is still awaited.

Board of directors

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

The roles of the Chairman and Managing Director are separate and each of them has clearly defined responsibilities. The Chairman's main role is to lead and manage the work of the Board and to ensure that it operates effectively. The Managing Director is responsible for the day-to-day management of the group, leading the executive directors, preparing and submitting development strategies to the Board and making and implementing operational decisions.

The Board of Terra met seven times during the year and the individual attendance by directors is set out on page 76. One of those meetings was dedicated for a full day to the strategy of the group.

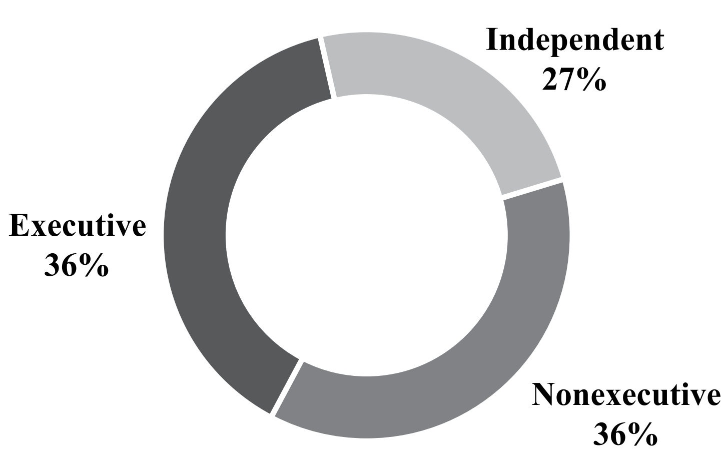
Senior group executives are invited, when appropriate, to attend Board meetings and make presentations on the strategies and projects of their business units. The profiles of the senior group executives are set out at pages 66 and 67. Consultants are also invited to attend Board meetings when necessary.

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

Board composition

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

Composition of the Board of directors



Corporate Governance report (cont'd)

Board composition (cont'd)

The following directors held office at December 31, 2012:

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

The profiles of the Board members who held office during the financial year under review as well as the directorships held by them in listed companies appear on pages 60 to 62.

At the Annual Meeting held in 2012, three directors retired from office by rotation. Retiring directors were eligible for re-election but did not seek re-election. Three new directors were thus elected.

The Board is aware that the retirement of directors by rotation as provided for in the amended constitution is a departure from 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 sufficient duration to allow the directors, in particular independent directors and those who are members of the committees established by the Board, to be reasonably conversant with the intricacies of the group's activities so as to exercise the degree of leadership, skill and judgement required to achieve a sustainable degree of prosperity.

Corporate Governance report (cont'd)

Directors' interest in the share capital of Terra Mauricia Ltd

The directors' interests in the company's securities as at December 31, 2012 pursuant to the Listing Rules are as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	SHARES	%	USUFRUCT	%	SHARES	%	USUFRUCT	%
DIRECTORS								
Maurice de M. Enouf	-	-	-	-	-	-	-	-
Jean de Fondaumière	-	-	-	-	-	-	-	-
Dominique de Froberville	-	-	-	-	266	0.00 %	-	-
Alexis Harel	133	0.00 %	-	-	17,183	0.01 %	-	-
Henri Harel	50,720	0.02 %	-	-	1,451,986	0.64 %	-	-
Hubert J. Harel	75,000	0.03 %	-	-	478,000	0.21 %	-	-
Cyril Mayer	325,661	0.14 %	-	-	1,114,673	0.49 %	136,290	0.06 %
François Montocchio	200	0.00 %	-	-	2,445,364	1.07 %	-	-
Daniel D. L. Nairac	-	-	-	-	-	-	-	-
Alain Vallet	262,490	0.12 %	-	-	3	0.00 %	1,135,710	0.50 %
Margaret Wong	-	-	-	-	1,333	0.00 %	-	-
Total	714,204	0.31 %	-	-	5,508,808	2.42 %	1,272,000	0.56 %
Total issued shares	227,545,624							

None of the directors holds any interest in subsidiaries of the company.

The directors abide by the principles enunciated in the Model Code on Securities Transactions by Directors, set out in Appendix 6 of the Mauritius Stock Exchange Listing Rules. During the year under review 13,200 shares of Terra were acquired by associates of Mr Cyril Mayer, 4,900 shares were bought by an associate of Mr Alexis Harel, 200 shares were bought by an associate of Mr Henri Harel and the latter sold 50,000 shares of Terra. None of the other directors bought or sold shares of Terra.

Group company secretary

Directors have direct access to the advice and services of the secretary, who is responsible for ensuring that Board procedures are followed. He also ensures that newly appointed directors are made aware, within one month of their appointment, of their fiduciary duties and responsibilities and prepares an induction programme, tailored to their individual requirements, in order for them to be immediately familiar with group's operations, business environment and senior management.

Board committees

• Audit and Risk Committee

Previous members (up to June 27, 2012):

François Montocchio	Chairman
Maurice de Marassé Enouf	Member
Louis Guimbeau	Member

Current members:

Margaret Wong	Chairperson
Maurice de Marassé Enouf	Member
François Montocchio	Member

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

The Committee operates under formal terms of reference modelled closely on the Code provisions. It is primarily responsible for maintaining an appropriate relationship with the group's external auditors, reviewing internal financial controls and the audit process. Its main objective is to provide the directors with additional assurance regarding the quality and reliability of the financial information used by them and to assist them in properly discharging their duties. The Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit work. External and internal auditors have unrestricted access to the Committee. In early 2013, the Committee was renamed Audit and Risk Committee and its terms of reference were enlarged to encompass the responsibilities of the group's risk management.

No fees were paid either by Terra Mauricia Ltd or the group to BDO & Co for non-audit services. which relate to advisory and tax services.

The Audit and Risk Committee met six times and has satisfied its responsibilities for the year, in compliance with its terms of reference. At the first meeting, the audited financial statements were examined. The second meeting concentrated mainly on management letters received from the external auditors and the annual report. The four other meetings were devoted to the abridged quarterly financial statements, the internal audit reports, the audit planning and the reviewing of the terms of reference of the Committee. Individual attendance by directors is set out on page 76.

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

• Corporate Governance Committee

Previous members (up to June 27, 2012):

Jean Hugues Maigrot, GOSK	Chairman
George Dumbell	Member
Jean de Fondaumière	Member
(Cyril Mayer)	(In attendance)

Current members :

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

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

The Committee's functions are threefold:

- In its role as Remuneration Committee, its terms of reference include *inter alia* the development of the group's general policy on executive and senior management remuneration as well as the determination of both specific remuneration packages and performance measurement criteria for executive directors. It also makes recommendations concerning the level of directors' fees.

Board committees (cont'd)

- In its role as Nomination Committee, it regularly reviews Board structure, size and composition and makes recommendations to the Board on Board appointments.
- The Committee has the further responsibility of implementing the Code throughout the group and of ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in it.

The Corporate Governance Committee met four times during the year and the attendance of individual directors at these meetings is detailed in the table set out on page 76. The first two meetings were mainly devoted to nomination issues, the preparation of shareholders' meetings and the annual report. The two other meetings focused essentially on remuneration topics, especially concerning the group's top executives.

Upon the recommendation of the Corporate Governance Committee, the Directors and Officers Liability insurance policy was renewed during the year.

A Board evaluation exercise was carried out in late 2011 by an independent consultant from the Mauritius Institute of Directors. The findings, which were reviewed by the Board of Terra in 2012, confirmed that, generally, the Board functioned well, with a satisfactory and effective contribution from directors. As previously decided, the scope of such exercise also included individual evaluations of directors.

Areas which the Board felt could be improved were identified and addressed, mainly concerning succession planning issues and sharper focus on strategy on the part of the Board. Accordingly, certain changes to the board have been proposed to the shareholders at the shareholders' meeting held in 2012 and a full day special meeting of the directors of Terra was held in April 2012, dedicated to group strategy. Another meeting, held in April 2013, also focused on strategy.

• Investment Committee

The aim of the Investment Committee is to assist the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee therefore reviews, approves and recommends to the Board investment or disinvestment choices based on advice provided by the management team. It has neither managerial nor decisional powers.

The Committee consists of a minimum of three and a maximum of six directors appointed by the Board, at least half of whom shall be nonexecutive directors and preferably independent. The Board appoints a chairman from the nonexecutive members of the Committee.

The members of the Investment Committee are:

Daniel Nairac *(in replacement of Jean Hugues Maigrot, GOSK, who chaired the Committee up to June 27, 2012)*	Chairman
Jean de Fondaumière	Member
Dominique de Froberville	Member
Cyril Mayer	Member
Henri Harel	Member
Alexis Harel	Member
(Sébastien Mamet)	(In attendance)

The Investment Committee met three times in 2012 and made recommendations to the Board in respect of investment policy and of some specific projects. The attendance of individual directors at these meetings is detailed in the table set out on page 76.

• Ethics Committee

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

The members of the Ethics Committee are:

Daniel Nairac *(in replacement of Jean Hugues Maigrot, GOSK, who chaired the Committee up to June 27, 2012)*	Chairman
Daniel Capiron	Member
Alexis Harel	Member
Henri Harel	Member
Louis Denis Koenig	Member

The group's Code of Ethics having been adopted since July 2005, the Committee is presently reviewing it and a revised version will be submitted to the Board's approval during the current year. The Committee met once in 2012 and the attendance of individual directors is detailed in the table set out on page 76.

Corporate Governance report (cont'd)

Board and committee attendance

Directors are expected to attend, in person or by teleconference, all Board meetings and all Board Committee meetings of which they are a member, unless prevented to do so by exceptional circumstances. Board meeting dates are generally set well in advance to enable directors to manage their other commitments.

The attendance of directors at Board and Committee meetings, as well as at the Annual Meeting of shareholders, is set out below.

	Board	Corporate Governance	Audit and Risk	Investment	Ethics	Annual Meeting of shareholders held on June 27, 2012
No. of meetings	**7**	**4**	**6**	**3**	**1**	
Directors						
George Dumbell	2/4	2/2	-	-	-	Yes
Maurice de M. Enouf	7/7	-	6/6	-	-	Yes
Jean de Fondaumière	7/7	4/4	-	3/3	-	No
Dominique de Froberville	6/7	-	-	3/3	-	Yes
Louis Guimbeau	4/4	-	2/2	-	-	Yes
Alexis Harel	7/7	-	-	3/3	0/1	No
Henri Harel	7/7	-	-	3/3	1/1	Yes
Hubert Harel	3/3	-	-	-	-	N/A
Jean Hugues Maigrot	4/4	2/2	-	1/1	-	Yes
Cyril Mayer	7/7	4/4	-	3/3	-	Yes
François Montocchio	6/7	-	5/6	-	-	Yes
Daniel Nairac	3/3	2/2	-	2/2	1/1	N/A
Alain Vallet	7/7	-	-	-	-	Yes
Margaret Wong	3/3	2/2	4/4	-	-	N/A

Corporate Governance report (cont'd)

Internal controls

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

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

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

- The Board has established a detailed organisation structure, including the delegation of appropriate responsibilities from the Board to the Board Committees, the Group Managing Director, members of the Senior Management, and to the heads of operating units;
- The effectiveness of internal controls is continually assessed by the Board by considering the recommendations of the Audit and Risk Committee, reports of the internal auditors, feedback from management and the external auditors;
- A proper Enterprise Resource Planning system is in place to provide financial and operational performance data for management accounting purposes;
- Review of the accounting information takes place on a regular basis at Audit and Risk Committee and Board level and remedial action is taken promptly, where necessary;
- A Code of Ethics has been adopted since July 2005 and is monitored by the Ethics Committee to govern the staff's conduct, which sets the standards of integrity and professionalism for the group's operation;
- Management has put in place appropriate operational and compliance controls at all operating units.

Internal audit

• Mission and scope of work

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

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

The internal audit function is performed by Messrs Ernst & Young (E & Y), Public Accountants.

• Reporting

The internal auditors have a direct reporting line to the Audit and Risk Committee and maintain an open and constructive communication channel with the executive management. They also have direct access to the chairpersons of the Committees and of the Board. This reporting structure allows the internal auditors to remain independent and to report all items of significance to the Board and the Audit and Risk Committee.

• Internal audit coverage

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

The internal auditor performed four audit visits for the group during the financial year 2012. The visits were performed according to the audit plan agreed with the Audit and Risk Committee. Proposed recommendations in respect of issues identified were discussed with management and the final internal audit reports were submitted to the Audit and Risk Committee. The internal auditor also monitored the progress in respect of implementation of previous recommendations. The internal auditor had unrestricted access to the records, management or employees of the group.

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

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

Internal audit (cont'd)

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

Environment and strategy risks

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

The assessment of the environment and strategy risks also includes:

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

• Industry risks :

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

• Operational risks :

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

Human resources risks

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

Financial risks

These may be defined as the risk that cash flows and financial assets are not managed cost-effectively to :
• maximize cash availability;
• reduce uncertainty of currency, interest rate, credit and other financial assets; and
• move cash funds quickly and without loss of value to wherever they are most needed.

Information Technology risks

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

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

Dividend policy

No formal dividend policy has been determined by the Board.

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

Remuneration policy

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

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

As regards executive directors, the remuneration policy aims to:
- align executive remuneration with the group's business objectives and shareholder value,
- attract, retain and motivate high calibre employees capable of achieving the group's objectives,
- motivate executives to achieve ambitious performance levels, and
- recognize both corporate and individual performance.

Corporate Governance report (cont'd)

Renumeration policy (cont'd)

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

The Corporate Governance Committee has retained outside consultants to provide independent market information and advice relating to the regular review of executive performance and remuneration.

Remuneration of directors

Directors' remuneration for the year ended December 31, 2012 is set out below.

	Remuneration from Terra Mauricia Ltd MUR '000	Remuneration from subsidiaries MUR '000	Remuneration from companies on which director serves as representative of the group MUR '000
Directors			
George Dumbell	170	-	-
Maurice de Marassé Enouf	495	325	-
Jean de Fondaumière	420	-	-
Dominique de Froberville	405	110	-
Louis Guimbeau	200	15	-
Alexis Harel	345	4,979	290
Henri Harel	345	7,403	280
Hubert Harel	195	-	-
Jean Hugues Maigrot	480	30	-
Cyril Mayer	345	16,977	540
François Montocchio	485	-	-
Daniel Nairac	510	-	-
Alain Vallet	345	5,930	234
Margaret Wong	380	-	-

Corporate Governance report (cont'd)

Shareholders' relations and communication

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

Moreover, all directors are invited and encouraged to attend the Annual Meeting and be available to answer shareholders' questions. In 2012, 9 directors out of 11 attended the meeting, compared to 8 out of 11 in 2011. It has been the practice since 2003 to allow for the postal vote of shareholders at the Annual Meeting. Immediately after the Annual Meeting, the main institutional investors and investment managers are invited to attend a presentation of the Annual Report and to put questions to management. This exercise has taken place for a number of years and is well attended and welcomed by the investing community.

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 10 to 12 and 13. Dates of important events are also noted.

Related party transactions

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

However, during the year, there were no material transactions between the company or any of its subsidiaries or associates and a director, chief executive, controlling shareholder or companies owned or controlled by a director, chief executive or controlling shareholder.

Management agreements

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

Health and safety

The group aimed at continual improvement with regard to safety at work and at really establishing a safety culture and adopting proactive measures. This year was declared a safety year within the group and the motto was "Safety First No Compromise".
In line with this motto, a new Work Accident Procedure was established. A Safety Week with awareness sessions on Ergonomics, Manual Handling, Noise at Work and Chemical Safety in collaboration with professionals in the field of Occupational Health and Safety (OHS) was organised.
OHS training sessions on various important topics were organised across the group, namely First Aid, Scaffold Safety, Road Safety and Managing Safely.
Following the Risk Assessments carried out by our internal Health and Safety Officer, corrective actions are being undertaken within the group.

Environment

The purpose of sustainable development is to meet the needs of the present generation without compromising the ability of the future generations to meet their own needs. In this line of thought, the group operates so as to minimise its impact on the environment, through good manufacturing practices in compliance with all local environmental laws and regulations, while satisfying the needs and requirements of all its customers and stakeholders.

We continually strive to improve our environmental standards and promote the efficient use of all our resources so as to minimise waste. To go even further, the group has decided to prepare a thorough sustainability report, not only to evaluate our environment impact but also to be able to take corrective actions in order to cultivate our resources for a better future. This sustainability reporting will be done following the guidelines of the Global Reporting Initiative (GRI), which provides a credible framework that helps organizations to concretely address current requirements for transparency and accountability in sustainability reporting.

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

Donations

Donations made during the year are shown on page 85.
There was no political donation in 2012.

Corporate social responsibility

The policies and practices of the group regarding social responsibility are detailed under Terra Foundation section on pages 52 to 55.

Terra Services Ltd
Secretary
May 15, 2013

Secretary's certificate
December 31, 2012

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

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

Terra Services Ltd
Secretary

March 27, 2013.

Corporate information

Registered office
18 Edith Cavell Street, P.O. Box 317
Port-Louis – Republic of Mauritius
Telephone: (230) 208 0808
Telefax: (230) 211 1836
Email: terra@terra.co.mu
Website: www.terra.co.mu

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

Auditors
BDO & Co (Chartered Accountants)

Bankers
The Mauritius Commercial Bank Limited
The State Bank of Mauritius Limited
Barclays Bank, PLC

Cane
Terragri Ltd/Terra Milling Ltd Sucrivoire
Mapou – Republic of Mauritius
Telephone: (230) 266 8485
Telefax: (230) 266 1985
Email: terragri@terra.co.mu/terramilling@terra.co.mu

Sucrivoire
01 BP 1289 Abidjan 01 – Côte d'Ivoire
Telephone: (225) 21 75 75 75
Telefax: (225) 21 25 45 65
Email: CONQUET@sifca.ci

Power
Terragen Ltd
Belle Vue - Mauricia
Mapou – Republic of Mauritius
Telephone: (230) 266 1226
Telefax: (230) 266 8013
Email: terragen@terragen.mu

Terragen Management Ltd
18 Edith Cavell Street
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Telefax: (230) 211 1836
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Brands
Grays Inc. Ltd
Beau Plan, Pamplemousses
Republic of Mauritius
Telephone: (230) 209 3000
Telefax: (230) 243 3664
Email: grays@grays.mu

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

Property management and construction
Sagiterra Ltd
4th Floor, Ken Lee Building
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Telephone: (230) 211 0971
Telefax: (230) 211 0484
Email: sagiterra@sagiterra.mu

Terrarock Ltd
Royal Road, Fond du Sac
Republic of Mauritius
Telephone: (230) 266 1355
Telefax: (230) 266 9045
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Corporate Social Responsibility
Terra Foundation
18 Edith Cavell Street
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Telephone: (230) 208 0808
Telefax: (230) 211 1836
Email: terra@terra.co.mu

Leisure
Sugarworld Ltd - L’Aventure du Sucre
Beau Plan, Pamplemousses
Republic of Mauritius
Telephone: (230) 2437900
Telefax: (230) 2439699
Email: aventure.sucre@intnet.mu
Website: www.aventuredusucre.com

Statement of directors' responsibilities in respect of financial statements

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

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

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

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The report of the external auditors on the financial statements is on pages 87 and 88.

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

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

Signed on behalf of the Board of directors by:

Daniel Nairac
Chairman

Cyril Mayer
Managing Director

May 15, 2013

Statutory disclosures

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

DIRECTORS

Names

The names of the directors of Terra Mauricia Ltd at December 31, 2012 are given on page 72 of this report. In addition, a list of directors of subsidiary companies at the same date appears on page 155.

Service contracts

Four executive directors, namely Messrs Cyril Mayer, Alexis Harel, Henri Harel and Alain Vallet have at present service contracts without expiry dates with group companies. Other than for the above-mentioned executive directors, none of the directors proposed for re-election at the forthcoming Annual Meeting of shareholders have service contracts with the company or the group.

Remuneration & benefits

	THE COMPANY	SUBSIDIARIES	
	2012	**2012**	2011
Emoluments paid by the company and its subsidiaries to:	**MUR'M**	**MUR'M**	MUR'M
- Directors of Terra Mauricia Ltd:			
• Executive			
Full-time	**0.7**	**24.4**	-*
part-time	**0.7**	**10.9**	10.6
• Non-executive	**3.8**	**0.4**	0.4
	5.2	**35.7**	11.0

* In 2011, full-time executive directors received emoluments of MUR 23.0 M from Harel Frères Limited, which was the holding company of the group at that time.

	2012	2011
- Directors of subsidiary companies (other than those of Terra Mauricia Ltd):	**MUR'M**	MUR'M
• 4 Executive (4 in 2011)		
Full-time	**19.9**	17.7
• 18 Nonexecutive (18 in 2011)	**0.7**	0.5
	20.6	18.2

Statutory disclosures

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

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
	2012	2011	**2012**
	MUR'M	MUR'M	**MUR'M**
Audit fees paid to:			
- BDO & Co	**2.8**	2.3	**0.6**
Fees paid for other services provided by:			
- BDO & Co	**-**	1.0	**-**
	2.8	3.3	**0.6**

DONATIONS

	THE GROUP	
	2012	2011
	MUR'M	MUR'M
Contribution towards Corporate Social Responsibilty	**13.9**	8.0
Number of recipients: 56 (2011: 43)		
Political	**-**	-

Statutory disclosures

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

SENIOR OFFICERS' INTERESTS

The group's senior officers' interests in the company as declared under the Securities Act 2005 as at December 31, 2012 were as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	BENEFICIAL	%	NON-BENEFICIAL	%	BENEFICIAL	%	NON-BENEFICIAL	%
NAMES								
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Alexis Harel	133	0.00%	-	-	17,183	0.01%	-	-
Henri Harel	50,720	0.02%	-	-	621,875	0.27%	4,437,051	1.95%
Cyril Mayer	325,661	0.14%	-	-	951,847	0.42%	-	-
François Montocchio	200	0.00%	-	-	-	-	2,445,364	1.07%
Alain Vallet	262,490	0.12%	-	-	227,142	0.10%	-	-
Hubert Harel	75,000	0.03%	-	-	-	-	156,000	0.07%
Jean Marc Jauffret	400	0.00%	-	-	-	-	-	-
Jean Arthur Pilot Lagesse	34,300	0.02%	-	-	-	-	-	-
Sébastien Mamet	300	0.00%	-	-	-	-	-	-

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

Report on the Financial Statements

We have audited the financial statements of Terra Mauricia Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 89 to 154 which comprise the statements of financial position at December 31, 2012, income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Report on the Financial Statements (Continued)

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

Opinion

In our opinion, the financial statements on pages 89 to 154 give a true and fair view of the financial position of the Group and of the Company at December 31, 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

BDO & Co
Chartered Accountants

Shabnam Peerbocus, F.C.A
Licensed by FRC

Port Louis,
Mauritius.

March 27, 2013.

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2012

	Notes	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
ASSETS				
Non-current assets				
Property, plant and equipment	5	**14,430.6**	9,881.1	-
Investment properties	6	**233.9**	240.3	-
Intangible assets	7	**386.3**	186.7	-
Investment in subsidiaries	8	-	-	**11,386.3**
Investment in associates	9	**1,156.0**	899.8	**1,312.9**
Investment in financial assets	10	**442.8**	678.6	**426.5**
Non-current receivables	11	**19.0**	11.5	**3.7**
Bearer biological assets	12	**274.5**	271.9	-
Land development expenditure	13	**93.6**	87.6	-
Deferred VRS costs	14	**59.7**	77.0	-
Deferred tax assets	15	**2.7**	2.6	-
		17,099.1	12,337.1	**13,129.4**
Current assets				
Inventories	16	**617.3**	572.6	-
Consumable biological assets	17	**253.1**	236.7	-
Trade and other receivables	18	**1,165.4**	1,181.4	**156.7**
Cash and cash equivalents	33	**159.3**	158.8	**0.7**
	19	**2,195.1**	2,149.5	**157.4**
Non-current assets classified as held for sale		**22.9**	7.2	-
Total assets		**19,317.1**	14,493.8	**13,286.8**
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	20	**11,976.0**	3,523.5	**11,976.0**
Revaluation and other reserves	21	**4,175.4**	5,677.9	**(172.3)**
Retained earnings		**321.8**	2,774.6	**1,103.7**
Owners' interest		**16,473.2**	11,976.0	**12,907.4**
Non-controlling interests		**961.5**	914.0	-
Total equity		**17,434.7**	12,890.0	**12,907.4**
Non-current liabilities				
Borrowings	22	**70.8**	53.9	-
Deferred tax liabilities	15	**251.2**	247.5	-
Deferred income	23	**6.1**	8.1	-
Retirement benefit obligations	24	**215.2**	232.6	-
		543.3	542.1	-
Current liabilities				
Trade and other payables	25	**717.0**	535.0	**343.5**
Current tax liabilities	26	**52.1**	47.5	**0.2**
Borrowings	22	**569.7**	297.0	**35.7**
Proposed dividend	32	-	182.0	-
		1,338.8	1,061.5	**379.4**
Liabilities directly associated with non-current assets classified as held for sale	19(b)	**0.3**	0.2	-
Total liabilities		**1,882.4**	1,603.8	**379.4**
Total equity and liabilities		**19,317.1**	14,493.8	**13,286.8**

The financial statements have been approved for issue by the Board of Directors on March 27, 2013.

Daniel L. NAIRAC)
M.D. Henri HAREL) DIRECTORS

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

INCOME STATEMENTS - YEAR ENDED DECEMBER 31, 2012

	Notes	THE GROUP 2012	THE GROUP PROFORMA 2011	THE COMPANY 2012
		MUR'M	MUR'M	**MUR'M**
Revenue	40 (c)	**4,185.5**	4,222.7	**203.3**
Compensation from the Sugar Insurance Fund Board		**1.0**	2.4	**-**
Gains arising from changes in fair value of consumable biological assets	17	**16.4**	71.4	**-**
		4,202.9	4,296.5	**203.3**
Cost of sales		**(2,993.7)**	(2,996.9)	**-**
Gross profit		**1,209.2**	1,299.6	**203.3**
Other income	27	**153.6**	121.7	**-**
Administrative expenses		**(394.9)**	(313.4)	**(10.5)**
Distribution costs		**(73.8)**	(66.5)	**-**
Other expenses		**(251.5)**	(250.9)	**-**
Profit before finance costs	28	**642.6**	790.5	**192.8**
Finance costs	30	**(47.5)**	(73.7)	**(5.7)**
Share of results of associates	9	**141.5**	160.0	**-**
Profit before taxation		**736.6**	876.8	**187.1**
Taxation	26	**(82.9)**	(116.2)	**(0.2)**
Profit for the year		**653.7**	760.6	**186.9**
Profit attributable to:				
Owners of the parent		**500.7**	582.7	**186.9**
Non-controlling interests		**153.0**	177.9	**-**
		653.7	760.6	**186.9**
Earnings per share (MUR)	31	**2.20**	2.56	**0.82**

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

STATEMENTS OF COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2012

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Profit for the year	**653.7**	760.6	**186.9**
Other comprehensive income:			
(Decrease)/increase in fair value of investments	**(257.1)**	(94.8)	**969.9**
Gains on revaluation of land and buildings	**4,481.9**	-	-
Deferred tax on gains on revaluation of buildings	**(14.8)**	-	-
Fair value movement on disposal of financial assets	-	(5.1)	-
Share of other comprehensive income of associates	**(43.8)**	(18.8)	-
Reversal of deferred tax on revaluation of land	-	209.2	-
Translation reserve movement	**19.8**	51.3	-
Scrappings of revalued property, plant and equipment	**(1.2)**	(0.9)	-
Other comprehensive income for the year	**4,184.8**	140.9	**969.9**
Total comprehensive income for the year	**4,838.5**	901.5	**1,156.8**
Total comprehensive income attributable to:			
Owners of the parent	**4,676.4**	698.9	**1,156.8**
Non-controlling interests	**162.1**	202.6	-
	4,838.5	901.5	**1,156.8**

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2012

THE GROUP	Notes	Share Capital	Revaluation and Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		Attributable to owners of the parent					
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Shares issued through 'scheme of arrangement'	20	11,976.0	-	-	11,976.0	-	11,976.0
Consolidation adjustments (note (a))		-	-	-	-	914.0	914.0
		11,976.0	-	-	11,976.0	914.0	12,890.0
Profit for the year		-	-	500.7	500.7	153.0	653.7
Other comprehensive income for the year		-	4,175.7	-	4,175.7	9.1	4,184.8
Total comprehensive income for the year		-	4,175.7	500.7	4,676.4	162.1	4,838.5
Release of deferred tax on excess depreciation over historical cost depreciation		-	2.8	-	2.8	-	2.8
Release on disposal of land		-	(3.1)	3.1	-	-	-
Non-controlling interest arising on acquisition of new subsidiary companies		-	-	-	-	6.2	6.2
Dividends	32	-	-	(182.0)	(182.0)	(120.8)	(302.8)
		-	(0.3)	(178.9)	(179.2)	(114.6)	(293.8)
Balance at December 31, 2012		**11,976.0**	**4,175.4**	**321.8**	**16,473.2**	**961.5**	**17,434.7**

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

THE GROUP PROFORMA	Note	Capital	Shares	Reserves	Earnings	Total	Non-Controlling Interests	Equity
		Attributable to owners of the parent						
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Balance at January 1, 2011		3,523.5	(0.6)	5,564.2	2,367.9	11,455.0	840.7	12,295.7
Profit for the year		-	-	-	582.7	582.7	177.9	760.6
Other comprehensive income for the year		-	-	116.2	-	116.2	24.7	140.9
Total comprehensive income for the year		-	-	116.2	582.7	698.9	202.6	901.5
Amalgamation adjustment		-	0.6	-	4.5	5.1	-	5.1
Release of deferred tax on excess depreciation over historical cost depreciation		-	-	2.9	-	2.9	-	2.9
Release on disposal of land		-	-	(1.5)	1.5	-	-	-
Movements on reserves		-	-	(3.9)	-	(3.9)	0.8	(3.1)
Dividends	32	-	-	-	(182.0)	(182.0)	(130.1)	(312.1)
		-	0.6	(2.5)	(176.0)	(177.9)	(129.3)	(307.2)
Balance at December 31, 2011		3,523.5	-	5,677.9	2,774.6	11,976.0	914.0	12,890.0

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

STATEMENTS OF CHANGES IN EQUITY (CONT'D) - YEAR ENDED DECEMBER 31, 2012

THE COMPANY	Notes	Share Capital MUR'M	Amalgamation Reserve MUR'M	Retained Earnings MUR'M	Total MUR'M
Shares issued through 'scheme of arrangement'	20	**11,976.0**	**-**	**-**	**11,976.0**
Profit for the year		**-**	**-**	**186.9**	**186.9**
Other comprehensive income for the year		**-**	**-**	**969.9**	**969.9**
Total comprehensive income for the year		**-**	**-**	**1,156.8**	**1,156.8**
Amalgamation adjustment		**-**	**(172.3)**	**128.9**	**(43.4)**
Dividends	32	**-**	**-**	**(182.0)**	**(182.0)**
		-	**(172.3)**	**(53.1)**	**(225.4)**
Balance at December 31, 2012		**11,976.0**	**(172.3)**	**1,103.7**	**12,907.4**

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

STATEMENTS OF CASH FLOW - YEAR ENDED DECEMBER 31, 2012

	Notes	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Operating activities				
Profit before taxation		**736.6**	876.8	**187.1**
Adjustments for :				
Depreciation	5	**215.5**	261.7	-
Release of deferred revenue		**(2.0)**	(2.0)	-
Release of land development expenditure		**1.4**	-	-
Profit on sale of property, plant and equipment/ non current assets classified as held for sale		**(27.3)**	(24.6)	-
Profit on sale of investments		**(20.0)**	(6.0)	-
Retirement benefit obligations		**(17.4)**	1.5	-
Amortisation of bearer biological assets	12	**76.7**	74.5	-
Amortisation of intangible assets		**9.6**	6.5	-
Depreciation of investment properties	6	**6.4**	6.5	-
Amortisation of VRS costs	14	**19.8**	18.8	-
Exchange differences		**19.8**	47.3	-
Investment income		**(29.4)**	(17.0)	-
Interest expense	30	**40.6**	52.6	**5.7**
Share of results of associates		**(141.5)**	(160.0)	-
Changes in working capital:				
- inventories		**(33.9)**	(30.5)	-
- consumable biological assets	17	**(16.4)**	(71.4)	-
- trade and other receivables		**23.7**	(328.4)	**(37.3)**
- trade and other payables		**(30.4)**	(45.7)	**34.8**
		831.8	660.6	**190.3**
VRS costs paid		**(36.8)**	(89.6)	-
Interest paid		**(40.6)**	(52.6)	**(5.7)**
Income tax paid		**(87.4)**	(86.6)	-
Net cash from operating activities		**667.0**	431.8	**184.6**

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

STATEMENTS OF CASH FLOW (CONT'D) - YEAR ENDED DECEMBER 31, 2012

	Notes	THE GROUP 2012	THE GROUP PROFORMA 2011	THE COMPANY 2012
Investing activities		**MUR'M**	MUR'M	**MUR'M**
Purchase of property, plant and equipment/investment properties	5,6	**(244.5)**	(139.4)	-
Intangible assets acquired	7	**(7.4)**	(3.4)	-
Replantation costs	12	**(79.3)**	(74.1)	-
Land development expenditure/ non-current assets classified as held for sale		**(26.5)**	(6.0)	-
Acquisition of additional stake in subsidiary		**(53.4)**	-	-
Purchase of investment in				
- subsidiaries		**(0.5)**	-	**(0.5)**
- associates	9	**(226.4)**	-	**(14.2)**
- others	10	**(21.5)**	(23.3)	**(19.2)**
Proceeds on sale of property, plant and equipment/ non-current assets classified as held for sale		**50.5**	32.6	-
Proceeds on sale of investments		**20.2**	13.5	-
Non-current receivables		**(7.5)**	(4.3)	**(3.7)**
Interest received		**17.7**	8.6	-
Dividend received		**57.2**	47.2	-
Net cash used in investing activities		**(521.4)**	(148.6)	**(37.6)**
Financing activities				
Sale of treasury shares		**-**	5.1	-
Proceeds from borrowings		**163.3**	-	-
Repayment of loans and debentures		**(186.6)**	(265.2)	-
Finance lease principle repayment		**(0.5)**	-	-
Dividends paid to shareholders of Terra Mauricia Ltd	32	**(364.0)**	-	**(182.0)**
Dividends paid to outside shareholders of subsidiaries		**(76.7)**	(100.7)	-
Net cash used in financing activities		**(464.5)**	(360.8)	**(182.0)**
Decrease in cash and cash equivalents		**(318.9)**	(77.6)	**(35.0)**
Movement in cash and cash equivalents				
At January 1,		**53.9**	131.5	-
Consolidation adjustments		**7.0**	-	-
Decrease		**(318.9)**	(77.6)	**(35.0)**
At December 31,	33	**(258.0)**	53.9	**(35.0)**

The notes on pages 96 to 154 form an integral part of these financial statements.
Auditors' report on pages 87 and 88.

1. GENERAL INFORMATION

Terra Mauricia Ltd is a public limited company incorporated and domiciled in Mauritius and listed on the Official List of The Stock Exchange of Mauritius Ltd since January 1, 2012. The company, which was incorporated on 15 September 2011, is the holding company of the former Harel Frères Group since January 1, 2012, following a Scheme of Arrangement with Terragri Ltd (formerly Harel Frères Limited). Terra Mauricia Ltd hence presents Group's results for the year ended December 2012. For comparative purposes, the results of the former Harel Frères Group for the year ended December 31, 2011 have been included as proforma financial statements.

The address of its registered office is 18, Edith Cavell Street, Port Louis.

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

Principal activities

Terra Mauricia Ltd is an investment holding company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of Terra Mauricia Ltd and its subsidiary companies (The Group) comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards. The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company). Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The financial statements are prepared under the historical cost convention, except that:

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

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

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Group's financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Group's financial statements.

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Given that none of the Group's Investment properties are carried using the fair value model, this amendment is unlikely to have an impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2013 or later periods, but which the Group has not early adopted.

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

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (Effective 1 July 2012)
IFRS 9 Financial Instruments
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IAS 19 Employee Benefits (Revised 2011)
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Amendment to IFRS 1 (Government Loans)
Annual Improvements to IFRSs 2009-2011 Cycle
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

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.

(b) Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at their existing use value based on valuations of external independent valuers, less subsequent depreciation for buildings. Power Plant and Building and Civil works and certain factory equipment are shown at their existing use value based on depreciated replacement cost less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation. Milling assets were revalued annually until 2002 on the basis of the indices submitted by the Mauritius Sugar Authority.

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

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

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amount, to its residual value over its estimated useful lives. It is applied at the following rates:

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

Land is not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

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

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

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

(c) Investment properties

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

The principal annual rate is as follows:

Buildings	2 - 8%

(d) Intangible assets

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

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

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

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

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

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

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

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

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

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

(e) Investment in subsidiaries

Separate financial statements of the investor
Investments in subsidiaries are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment in subsidiaries (cont'd)

Consolidated financial statements
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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 expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly 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 and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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.

(f) Investment in associates

Separate financial statements of the investor
Investments in associates are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment in associates (cont'd)

Consolidated financial statements (cont'd)
Investments in associates are accounted for by the equity method. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. Investment 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.

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

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

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

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

(g) Financial instruments

(i) Financial assets

(A) Categories of financial assets

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

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

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

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

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

(B) Recognition and measurement

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(C) Inpairment of financial assets

Financial assets available-for-sale financial assets

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

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

(iii) 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 amountof provision is recognised in the income statement.

(iv) 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 the income statement over the period of the borrowings using the effective interest method.

Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

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

(vi) Hedging activities
Cash flow hedge
A subsidiary has its loans denominated in Euro and has its price indexed to the fluctuations of 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 the statement of comprehensive income with 'other gains/(losses).'

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(vi) Hedging activities (cont'd)

Cash flow hedge (cont'd)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale, that is hedged, takes place).

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 the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to statement of comprehensive income within 'other gains/(losses).'

(vii) Cash and cash equivalents

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

(viii) Stated capital

Ordinary shares are classified as equity.

(h) Sugar Industry Voluntary Retirement Scheme (VRS)

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

(i) Deferred income tax

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

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

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

(j) Inventories

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

(k) Biological assets

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

(i) Bearer biological assets

These relate to cane replantation costs and are amortised over a period of 8 years.

(ii) Consumable biological assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Retirement benefit obligations

Defined benefit plans

A defined benefit plan is a pension plan that defines 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 Group contributes to a defined benefit plan for certain employees. The cost of providing benefits is determined using the Projected Unit Credit Method so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries . Cumulative actuarial gains and losses arise from experience adjustments, changes in actuarial assumptions and amendments to pension plans. Such actuarial gains and losses which exceed 10% of the greater of the present value of the pension contributions and fair value of plan assets are charged or credited to income over the average remaining service lives of the related employees.

All acturial gains and losses are recognised in the income statement.

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.

The contributions to the Group's other schemes, which are treated as defined contribution schemes, are charged to the income statement in the period in which they are incurred.

Unfunded plans

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

(m) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

(iii) Group companies

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currencies (cont'd)

(iii) Group companies (cont'd)
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 the income statement as part of the gain or loss on sale.

(n) Impairment of assets

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

(o) Revenue recognition

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

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.

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

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

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

(q) Dividend distribution

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

(r) Segment reporting

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

A description of the significant risk factors is given below together with risk management policies where applicable.
(a) Market risk
(b) Credit risk
(c) Liquidity risk and
(d) Cash flow and fair value interest rate risk.

(a) Market risk

(i) Currency risk

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

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

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

THE GROUP	MUR	EURO	USD	Other currencies	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2012					
Trade and other receivables	**1,103.8**	**44.0**	**4.5**	**13.1**	**1,165.4**
Cash in hand and at bank	**143.9**	**2.4**	**11.5**	**1.5**	**159.3**
Other assets	**17,778.5**	**206.3**	**-**	**7.6**	**17,992.4**
Total assets	**19,026.2**	**252.7**	**16.0**	**22.2**	**19,317.1**
Liabilities	**1,751.1**	**43.8**	**56.7**	**30.8**	**1,882.4**
THE GROUP PROFORMA					
At December 31, 2011					
Trade and other receivables	1,119.0	51.0	10.7	0.7	1,181.4
Cash in hand and at bank	88.6	70.2	-	-	158.8
Other assets	13,041.4	112.2	-	-	13,153.6
Total assets	14,249.0	233.4	10.7	0.7	14,493.8
Liabilities	1,406.6	72.5	102.9	21.8	1,603.8

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

THE COMPANY	MUR	EURO	TOTAL
	MUR'M	MUR'M	MUR'M
At December 31, 2012			
Trade and other receivables	**156.7**	**-**	**156.7**
Cash in hand and at bank	**0.7**	**-**	**0.7**
Other assets	**12,927.3**	**202.1**	**13,129.4**
Total assets	**13,084.7**	**202.1**	**13,286.8**
Liabilities	**379.4**	**-**	**379.4**

At December 31, 2012, if the rupee had weakened/strengthened by 5% against the US dollar/Euro with all other variables held constant, post-tax profit for the year would have impacted as shown in the table below, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated borrowings, bank deposits, trade receivables and payables.

	THE GROUP	**THE GROUP PROFORMA**
	2012	2011
	MUR'M	MUR'M
Rupee strengthened/weakened by 5%		
Post-tax profit	**6.1**	2.0

(ii) Price risk

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Price risk (cont'd)
Sensitivity analysis

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

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

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
	MUR'M		**MUR'M**
	+/-5%	+/-5%	**+/-5%**
Available- for-sale investments	**22.1**	33.9	**656.3**

(b) Credit risk

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

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

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

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

(c) Liquidity risk

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

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

Forecasted liquidity reserve as of December 31, 2012 is as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	MUR'M	MUR'M	MUR'M	MUR'M
Opening balance for the period	(258.0)	53.9	(35.0)	-
Cash flows from operating activities	889.9	667.0	185.0	184.6
Cash flows from investing activities	(454.0)	(521.4)	(10.0)	(37.6)
Cash flows from financing activities	(413.8)	(464.5)	(182.0)	(182.0)
Consolidation adjustments	-	7.0	-	-
Closing balance for the period	(235.9)	(258.0)	(42.0)	(35.0)

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	MUR'M	MUR'M	MUR'M	MUR'M
THE GROUP				
At December 31, 2012				
Borrowings including bank overdrafts	**569.7**	**49.9**	**16.8**	**4.1**
Trade and other payables	**717.0**	**-**	**-**	**-**
THE GROUP PROFORMA				
At December 31, 2011				
Borrowings including bank overdrafts	297.0	24.4	29.5	-
Trade and other payables	535.0	-	-	-
THE COMPANY				
At December 31, 2012				
Bank overdrafts	**35.7**	**-**	**-**	**-**
Trade and other payables	**343.5**	**-**	**-**	**-**

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings and cash at bank. 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, 2012, 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)	
	2012	2011	**2012**	2011
	MUR'M	MUR'M	**MUR'M**	MUR'M
THE GROUP				
Impact on post-tax profit and shareholders' equity	**0.7**	0.4	**-**	0.5
THE COMPANY				
Impact on post-tax profit and shareholders' equity	**0.4**	N/A	**N/A**	N/A

(ii) At December 31, 2012, if variable interest rates on deposit at bank had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would not be significanty impacted.

3.2 Fair value estimation

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Biological assets

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

3.4 Capital Risk Management

The Group's objectives when managing capital are:

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

The company sets the amount of capital in proportion to risk. The company 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 company may adjust the amount of dividends paid to shareholders, return capital to the shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Total equity comprises all components of equity (stated capital, revaluation and other reserves, retained earnings and non controlling interest).

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

The debt-to-capital ratios at December 31, 2012 and December 31, 2011 were as follows:

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
	MUR'M	MUR'M	**MUR'M**
Total debt (note 22)	**640.5**	350.9	**35.7**
Less: cash and cash equivalents (note 33)	**(159.3)**	(158.8)	**(0.7)**
Net debt	**481.2**	192.1	**35.0**
Total equity	**17,434.7**	12,890.0	**12,907.4**
Debt-to- adjusted capital ratio	**0.03:1**	0.02:1	**0.003:1**

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) Estimated impairment of intangible assets

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2(d). These calculations require the use of estimates.

(b) 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.

(c) Other investments - Available-for-sale

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 reflects the fair value of these investments.

(d) 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.

(e) Depreciation policies

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

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

(f) Pension benefits

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(f) Pension benefits (cont'd)

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 Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

(g) 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.

(h) 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.

(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 assets or 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 first allocated to goodwill and then to the other assets of a cash-generating unit.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The Group utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

5. PROPERTY, PLANT AND EQUIPMENT

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

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

(a) THE GROUP PROFORMA	Land	Buildings on Leasehold Land and Land Improvement	Buildings	Power Plant	Building and Civil Works	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
COST AND VALUATION	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2011										
- Cost	3,865.0	103.4	56.9	96.2	9.9	321.6	314.3	335.2	222.7	5,325.2
- Valuation	3,581.9	-	782.9	2,119.5	370.4	1,343.7	-	-	-	8,198.4
	7,446.9	103.4	839.8	2,215.7	380.3	1,665.3	314.3	335.2	222.7	13,523.6
Adjustment	(75.4)	75.4	-	-	-	-	-	-	-	-
Additions	6.0	1.1	19.6	26.4	1.2	25.2	16.7	25.1	18.1	139.4
Disposals/Scrapped assets	(1.2)	-	-	(11.6)	-	-	(1.2)	(11.8)	-	(25.8)
At December 31, 2011										
- Cost	**3,795.6**	**179.9**	**76.5**	**122.6**	**11.1**	**346.8**	**329.8**	**348.5**	**240.8**	**5,451.6**
- Valuation	**3,580.7**	**-**	**782.9**	**2,107.9**	**370.4**	**1,343.7**	**-**	**-**	**-**	**8,185.6**
	7,376.3	**179.9**	**859.4**	**2,230.5**	**381.5**	**1,690.5**	**329.8**	**348.5**	**240.8**	**13,637.2**
DEPRECIATION										
At January 1, 2011	-	49.6	614.6	928.0	159.1	1,152.3	226.2	229.5	152.9	3,512.2
Charge for the year	-	5.2	31.4	100.7	-	45.5	43.2	19.5	16.2	261.7
Disposals/Scrapped assets	-	-	-	(4.9)	-	-	(1.2)	(11.7)	-	(17.8)
At December 31, 2011	**-**	**54.8**	**646.0**	**1,023.8**	**159.1**	**1,197.8**	**268.2**	**237.3**	**169.1**	**3,756.1**
NET BOOK VALUES										
At December 31, 2011	**7,376.3**	**125.1**	**213.4**	**1,206.7**	**222.4**	**492.7**	**61.6**	**111.2**	**71.7**	**9,881.1**

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

(b) Land and buildings

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

The factory buildings and equipment were revalued annually until 2002 on the basis of the indices provided by the Mauritius Sugar Authority.

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

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

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

The Group has earmarked 100 hectares for land conversion under "1200A" scheme as per Section 11(3) of SIE Act 2001, out of which 65.5 hectares have been disposed.

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

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

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

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

(g) Depreciation has been charged to the income statement as follows:

	THE GROUP **2012**	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
Cost of sales	**117.4**	173.9
Other expenses	**98.1**	87.8
	215.5	261.7

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

(h) 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
2012					
Cost	**3,786.2**	**141.9**	**706.9**	**1,884.4**	**326.1**
Accumulated depreciation	**-**	**(109.4)**	**(322.3)**	**(898.3)**	**(155.6)**
Net book value	**3,786.2**	**32.5**	**384.6**	**986.1**	**170.5**
THE GROUP PROFORMA					
2011					
Cost	3,795.6	76.5	659.9	1,874.1	323.9
Accumulated depreciation	-	(57.5)	(287.4)	(961.1)	(167.0)
Net book value	3,795.6	19.0	372.5	913.0	156.9

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

6. INVESTMENT PROPERTIES

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
COST		
At January 1,	**-**	299.5
Addition	**299.5**	-
At December 31,	**299.5**	299.5
DEPRECIATION		
At January 1,	**-**	52.7
Consolidation adjustment	**59.2**	-
Charge for the year	**6.4**	6.5
At December 31,	**65.6**	59.2
NET BOOK VALUES		
At December 31,	**233.9**	240.3
Fair Value	**329.5**	316.2

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
(a) The following amounts have been recognised in the income statement:		
Rental income	**17.1**	17.2
Direct operating expenses from investment properties that generate rental income	**10.1**	8.0

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

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

7. INTANGIBLE ASSETS

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

(b) THE GROUP PROFORMA	Land Conversion Rights-Closure Costs MUR'M	Brands MUR'M	Goodwill MUR'M	Computer Software MUR'M	Legal Fees MUR'M	Distribution Rights MUR'M	Total MUR'M
COST							
At January 1, 2011	131.7	46.1	10.2	18.7	47.8	2.1	256.6
Additions	-	-	-	3.4	-	-	3.4
At December 31, 2011	**131.7**	**46.1**	**10.2**	**22.1**	**47.8**	**2.1**	**260.0**
AMORTISATION							
At January 1, 2011	-	-	3.6	18.1	45.1	-	66.8
Charge for the year	-	-	-	3.8	2.7	-	6.5
At December 31, 2011	**-**	**-**	**3.6**	**21.9**	**47.8**	**-**	**73.3**
NET BOOK VALUES							
At December 31, 2011	**131.7**	**46.1**	**6.6**	**0.2**	**-**	**2.1**	**186.7**

7. INTANGIBLE ASSETS (CONT'D)

(c) Amortisation charge of MUR'M 3 (2011 MUR'M 6.5) has been charged in other expenses.

(d) Closure costs

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

8. INVESTMENT IN SUBSIDIARIES

	THE COMPANY
	2012
	MUR'M
Acquired through 'scheme of arrangement'	**11,976.0**
Acquired through amalgamation	**976.1**
Amalgamation adjustments	**(2,682.6)**
Consolidation adjustment	**(118.4)**
Additions	**0.5**
Increase in fair value	**1,234.6**
At December 31,	**11,386.2**

Details of subsidiaries are set out in note 34.

9. INVESTMENT IN ASSOCIATES

	THE GROUP	THE GROUP PROFORMA
	2012	2011
(a) THE GROUP	**MUR'M**	MUR'M
(i) Group's share of net assets	**948.1**	769.7
Goodwill	**207.9**	130.1
At December 31,	**1,156.0**	899.8

Details of associates are set out in note 35.

9. INVESTMENT IN ASSOCIATES (CONT'D)

(a) THE GROUP (cont'd)	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
(ii) At January 1,	**-**	761.9
Consolidation adjustment	**899.8**	-
Additions	**226.4**	-
Reclassified to investment in subsidiaries	**(22.4)**	-
Reclassified from investment in financial assets	**-**	35.5
Share of profit after tax and minority interest	**141.5**	160.0
Dividend paid	**(45.5)**	(38.8)
Movement on reserves	**(43.8)**	(18.8)
At December 31,	**1,156.0**	899.8

(b) THE COMPANY	**2012**
	MUR'M
At January 1,	**1,306.4**
Additions	**14.2**
Increase in fair value	**(7.7)**
At December 31,	**1,312.9**

10. INVESTMENT IN FINANCIAL ASSETS

	Available-for-sale			
	Listed			
THE GROUP	**Official Market**	**DEM**	**Unquoted**	**Total**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**
(a) At January 1, 2012	**396.4**	**77.5**	**204.7**	**678.6**
Additions	**20.9**	**-**	**0.6**	**21.5**
Disposals	**-**	**-**	**(0.2)**	**(0.2)**
Decrease in fair value	**(162.4)**	**(23.4)**	**(71.3)**	**(257.1)**
At December 31, 2012	**254.9**	**54.1**	**133.8**	**442.8**

10. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

THE GROUP PROFORMA	Available-for-sale			
	Listed			
	Official Market	DEM	Unquoted	Total
	MUR'M	MUR'M	MUR'M	MUR'M
(b) At January 1, 2011	434.2	50.0	308.9	793.1
Reclassified to associates	-	-	(35.5)	(35.5)
Additions	22.7	-	0.6	23.3
Disposals	(6.7)	-	(0.8)	(7.5)
Decrease in fair value	(53.8)	(19.1)	(21.9)	(94.8)
At December 31, 2011	396.4	30.9	251.3	678.6

(c) Available-for-sale financial assets

	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2012	**308.9**	**106.3**	**27.6**	**442.8**
At December 31, 2011	427.3	224.6	26.7	678.6

THE COMPANY	**Available-for-sale**			
	Listed			
	Official Market	**DEM**	**Unquoted**	**Total**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**
(d) Amalgamation adjustments	**398.1**	**77.5**	**188.8**	**664.4**
Additions	**19.2**	**-**	**-**	**19.2**
Decrease in fair value	**(162.4)**	**(23.4)**	**(71.3)**	**(257.1)**
At December 31, 2012	**254.9**	**54.1**	**117.5**	**426.5**

(e) Available-for-sale financial assets

	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2012	**308.9**	**106.3**	**11.3**	**426.5**

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

(g) None of the financial assets are impaired.

(h) There were no transfers between levels.

11. NON-CURRENT RECEIVABLES

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
	MUR'M	MUR'M	**MUR'M**
Others loans	**19.0**	11.5	**3.7**

12. BEARER BIOLOGICAL ASSETS

	THE GROUP	THE GROUP PROFORMA
	2012	2011
	MUR'M	MUR'M
COST		
At January 1	**-**	533.5
Consolidation adjustment	**553.5**	-
Additions	**79.3**	74.1
Reclassified from other receivables	**-**	5.0
Assets fully amortised	**(53.1)**	(59.1)
At December 31,	**579.7**	553.5
AMORTISATION		
At January 1	**-**	266.2
Consolidation adjustment	**281.6**	-
Charge for the year	**76.7**	74.5
Assets fully amortised	**(53.1)**	(59.1)
At December 31,	**305.2**	281.6
NET BOOK VALUES	**274.5**	271.9

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

13. LAND DEVELOPMENT EXPENDITURE

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
At January 1,	**-**	79.8
Consolidation adjustment	**87.6**	-
Reclassified (to)/from trade and other receivables	**(0.9)**	1.9
Reclassified to Non Current Assets classified as held for sale (note 19)	**(1.7)**	-
Additions	**10.0**	5.9
Release to income statement	**(1.4)**	-
At December 31,	**93.6**	87.6

14. DEFERRED VRS COSTS

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
Voluntary Retirement Scheme (VRS)		
COST		
At January 1,	**-**	390.7
Consolidation adjustment	**410.6**	-
Additional provision	**2.5**	19.9
At December 31,	**413.1**	410.6
AMORTISATION		
At January 1,	**-**	314.8
Consolidation adjustment	**333.6**	-
Charge for the year	**19.8**	18.8
At December 31,	**353.4**	333.6
NET BOOK VALUES		
At December 31,	**59.7**	77.0

14. DEFERRED VRS COSTS (CONT'D)

VRS 2

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

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

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2011: 15%).

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

	THE GROUP	THE GROUP PROFORMA
	2012	2011
	MUR'M	MUR'M
Deferred tax assets	**(2.7)**	(2.6)
Deferred tax liabilities	**251.2**	247.5
	248.5	244.9

	THE GROUP	THE GROUP PROFORMA
	2012	2011
	MUR'M	MUR'M
Unused tax losses available for offset against future taxable profits	**2.6**	34.6

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

	THE GROUP	THE GROUP PROFORMA
	2012	2011
	MUR'M	MUR'M
At January 1,	**-**	446.4
Consolidation adjustments	**244.9**	-
Charge to income statement (note 26(b))	**(8.4)**	10.6
Charge/(release) to equity	**12.0**	(212.1)
At December 31,	**248.5**	244.9

15. DEFERRED INCOME TAXES (CONT'D)

Deferred tax assets and liabilities, deferred tax movement in the statement of comprehensive income and equity are attributable to the following items:

THE GROUP	Consolidation Adjustment MUR'M	Income Statement MUR'M	Release to Equity MUR'M	At December 31, 2012 MUR'M
Deferred income tax liabilities				
Accelerated tax depreciation	206.9	(1.1)	-	205.8
Asset revaluations (note 15 (i))	75.4	(1.7)	12.0	85.7
Deferred VRS costs	11.6	(2.6)	-	9.0
	293.9	(5.4)	12.0	300.5
Deferred income tax assets				
Tax losses carried forward	(5.2)	4.8	-	(0.4)
Provisions for VRS costs	23.5	(0.8)	-	22.7
Retirement benefit obligations	30.7	(1.0)	-	29.7
	49.0	3.0	-	52.0
Net deferred income tax liabilities	**244.9**	**(8.4)**	**12.0**	**248.5**

16. INVENTORIES

	THE GROUP **2012** **MUR'M**	THE GROUP PROFORMA 2011 MUR'M
(a) Raw materials	**123.7**	134.2
Finished goods	**224.3**	207.0
Spare parts and consumables	**269.3**	231.4
	617.3	572.6

(b) 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 **2012** **MUR'M**	THE GROUP PROFORMA 2011 MUR'M
Cost of inventories consumed	**2,102.8**	2,108.8

17. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
At January 1,	**-**	165.3
Consolidation adjustments	**236.7**	-
Gains from changes in fair value	**16.4**	71.4
At December 31,	**253.1**	236.7

At December 31, 2012, standing canes comprised approximately 4,930 hectares of cane plantations (2011: 4,932 hectares).

During the year the Company harvested approximately 377,410 tonnes of canes (2011: 414,443 tonnes), which has a fair value less costs to sell of MUR'M 236.7 at the date of harvest.

18. TRADE AND OTHER RECEIVABLES

	THE GROUP 2012	THE GROUP PROFORMA 2011	THE COMPANY 2012
	MUR'M	MUR'M	**MUR'M**
Trade receivables	**814.6**	756.1	**-**
Less: provision for impairment	**(9.9)**	(7.5)	**-**
Trade receivables - net	**804.7**	748.6	**-**
Sugar proceeds receivable	**205.0**	190.6	**-**
Molasses proceeds receivable	**13.3**	27.3	**-**
Other receivables	**142.4**	214.9	**156.7**
	1,165.4	1,181.4	**156.7**

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

As at December 31, 2012, trade receivables of MUR'M 9.9 (2011: MUR'M 7.5) for the Group were impaired and provided for. The ageing of these receivables is as follows:

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
Over 6 months	**9.9**	7.5

18. TRADE AND OTHER RECEIVABLES (CONT'D)

As at December 31, 2012, trade receivables of MUR'M 6.2 for the Group (2011: MUR'M 20.6) 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 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
3 to 6 months	**1.8**	5.3
Over 6 months	**4.4**	15.3
	6.2	20.6

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

	THE GROUP 2012	THE GROUP PROFORMA 2011	THE COMPANY 2012
	MUR'M	MUR'M	**MUR'M**
Rupee	**1,103.3**	1,140.7	**156.7**
US Dollar	**4.5**	11.6	**-**
Euro	**44.4**	22.5	**-**
Other currencies	**13.2**	6.6	**-**
	1,165.4	1,181.4	**156.7**

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

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
At January 1,		
Consolidation adjustment	**7.5**	23.9
Provision for impairment	**4.3**	7.5
Unused provision reversed	**-**	(1.5)
Receivables written off during the year as uncollectible	**(1.9)**	(22.4)
At December 31,	**9.9**	7.5

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

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
At January 1,	**-**	12.4
Consolidation adjustment	**7.2**	-
Expenditure incurred during the year	**16.5**	0.1
Reclassified from land development expenditure (note 13)	**1.7**	-
Release to income statement on disposal	**(2.5)**	(5.3)
At December 31,	**22.9**	7.2

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

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
(a) Disposal proceeds	**31.2**	12.9
(b) Liabilities directly associated with non-current assets held-for-sale		
Accruals and provisions	**0.3**	0.2

20. STATED CAPITAL

	2012 No. of shares (M)	2012 MUR'M
Issued and fully paid		
Ordinary shares issued through the 'scheme of arrangement'		
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. All issued shares are fully paid.

Further to the scheme of arrangement under section 261 to 264 of the companies Act 2001, shares of Terragri Ltd (formerly Harel Frères Limited) were exchanged for those of Terra Mauricia Ltd in the ratio of 1:1.

21. REVALUATION AND OTHER RESERVES

(a) THE GROUP	Associates Reserves MUR'M	Revaluation and Other Capital Reserves MUR'M	Translation Reserve MUR'M	Fair Value Reserve MUR'M	Total MUR'M
Gains on revaluation of land and buildings	-	4,481.9	-	-	4,481.9
Deferred tax on revaluation surplus	-	(14.8)	-	-	(14.8)
Decrease in fair value of available-for-sale financial assets	-	-	-	(257.1)	(257.1)
Release of deferred tax on excess depreciation other historical cost depreciation	-	2.8	-	-	2.8
Release on disposal of land	-	(3.1)	-	-	(3.1)
Release to income statement on repayment of foreign currency loans	-	-	10.1	-	10.1
Scrappings of revalued property, plant and equipment	-	-	0.6	-	1.2
Share of other comprehensive income of associates	(43.8)	-	-	-	(43.8)
Movements on reserves	-	(1.8)	-	-	(1.8)
At December 31, 2012	**(43.8)**	**4,465.0**	**10.7**	**(257.1)**	**4,175.4**

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(ii) At January 1, 2011	5.9	4,992.3	(36.3)	602.3	5,564.2
Increase in fair value of available-for-sale financial assets	-	-	-	(94.8)	(94.8)
Fair value movement on disposal of financial assets	-	-	-	(5.1)	(5.1)
Amalgamation adjustments	-	(1.5)	-	-	(1.5)
Release on disposal of land	-	2.9	-	-	2.9
Release of deferred tax on excess depreciation other historical cost depreciation	-	209.2	-	-	209.2
Deferred tax on revaluation of land	-	-	24.2	-	24.2
Release to income statement on repayment of foreign currency loans			2.0		2.0
Exchange differences on translation of foreign currency loans	-	(0.5)	-	-	(0.5)
Scrappings of revalued property, plant and equipment	(18.8)	-	-	-	(18.8)
Share of other comprehensive income of associates	-	(3.9)	-	-	(3.9)
At December 31, 2011	**(12.9)**	**5,198.5**	**(10.1)**	**502.4**	**5,677.9**

21. REVALUATION AND OTHER RESERVES (CONT'D)

Fair value reserve
Fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments that has been recognised in other comprehensive income until the investments are derecognised.

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

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

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

22. BORROWINGS

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
	MUR'M	MUR'M	**MUR'M**
Non-current			
Loans	**56.7**	53.9	**-**
Finance lease liabilities	**14.1**	-	**-**
Total non-current	**70.8**	53.9	**-**
Current			
Bank overdrafts	**417.3**	104.9	**35.7**
Debentures	**-**	44.6	**-**
Loans	**150.3**	147.5	**-**
Finance lease liabilities	**2.1**	-	**-**
	152.4	192.1	**-**
Total current	**569.7**	297.0	**35.7**
Total borrowings	**640.5**	350.9	**35.7**

22. BORROWINGS (CONT'D)

	Last repayment date	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
(a) Breakdown of loans and debentures			
Debentures repayable yearly in February and August		**-**	44.6
VRS loan repayable quarterly		**-**	3.9
Loan in EUR repayable yearly in February and August		**-**	59.2
Loan in EUR	2017	**37.6**	-
Bank loan	2015	**111.7**	60.0
VRS loan repayable half yearly	2016	**57.7**	78.3
		207.0	246.0
Less: Repayable within one year		**(150.3)**	(192.1)
Repayable after one year		**56.7**	53.9

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

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
- after one year and before two years	**47.7**	24.4
- after two years and before three years	**9.0**	24.4
- after three years and before five years	**-**	5.1
	56.7	53.9

22. BORROWINGS (CONT'D)

(c) Finance lease liabilities - minimum lease payments

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

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

	2012
	MUR'M
Current	
Not later than one year	2.1
Non Current	
After 1 year and before 2 years	2.2
After 2 years and before 3 years	2.3
After 3 years and before 5 years	5.5
Later than 5 years	4.1
	14.1

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

22. BORROWINGS (CONT'D)

(d) The carrying amounts of non-current borrowings are not materially different from the fair value.

Non-current borrowings can be analysed as follows:

	2012	2011
	MUR'M	MUR'M
- After one year and before two years		
Bank borrowings	**47.7**	24.4
Finance lease liabilities	**2.2**	-
	49.9	24.4
- After two years and before three years		
Bank borrowings	**9.0**	24.4
Finance lease liabilities	**2.3**	-
	11.3	24.4
- After three years and before five years		
Bank borrowings	**-**	5.1
Finance lease liabilities	**5.5**	-
	5.5	5.1
- After five years		
Finance lease liabilities	**4.1**	-
Total	**70.8**	53.9

(e) The rates of interest on MUR loans and debentures vary between 5.75% to 8.4% annually and on foreign currency loans - EUR 4.31 % annually.

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

23. DEFERRED INCOME

	THE GROUP	THE GROUP PROFORMA
	2012	2011
	MUR'M	MUR'M
At January 1,	**-**	10.1
Consolidation adjustments	**8.1**	
Release to income statement	**(2.0)**	(2.0)
At December 31,	**6.1**	8.1

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

24. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations comprise of the Group's and Company's pension schemes and of other post-retirement benefits. The pension schemes are defined benefit plans and defined contribution plans and the assets of the plans are invested with the Sugar Insurance Pension Fund (SIPF) and The Anglo-Mauritius Assurance Society Limited.

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.

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

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
Present value of funded obligations	**440.1**	409.5
Fair value of plan assets	**(258.6)**	(219.5)
	181.5	190.0
Present value of unfunded obligations	**72.4**	67.6
Other post retirements benefits	**1.0**	-
Unrecognised actuarial losses	**(39.7)**	(25.0)
Liability in the statements of financial position	**215.2**	232.6

(b) The amounts recognised in the income statement are as follows:

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
Current service cost	**11.0**	10.9
Scheme expenses	**0.5**	0.4
Interest cost	**44.5**	40.9
Cost of insuring risk	**1.8**	0.5
Contribution by employees	**0.4**	(0.3)
Actuarial loss	**0.2**	(19.3)
Expected return on plan assets	**(21.6)**	-
	36.8	33.1

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Movement in the liability recognised in the statement of financial position:

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
At January 1,	**-**	231.1
Consolidation adjustment	**232.6**	-
Acquisition of subsidiary	**1.0**	-
Total expenses as above	**36.8**	33.1
Other contributions and direct benefits paid	**(55.2)**	(31.6)
At December 31,	**215.2**	232.6

(d) Reconciliation of the present value of defined benefit obligation:

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
Present value of obligation at January 1,	**-**	443.6
Consolidation adjustment	**477.1**	
Current service cost	**11.0**	10.9
Interest cost	**44.6**	40.9
Employee's contribution	**2.6**	2.2
Effect of curtailments/settlements		-
Actuarial losses	**2.7**	9.8
Benefits paid	**(25.5)**	(30.3)
Present value of obligation at December 31,	**512.5**	477.1

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(e) Reconciliation of fair value of plan assets:

	THE GROUP	THE GROUP PROFORMA
	2012	2011
	MUR'M	MUR'M
Fair value of plan assets at January 1,	**-**	210.2
Consolidation adjustment	**219.5**	-
Expected return on plan assets	**21.6**	19.3
Employer's contribution	**54.9**	31.6
Scheme Expenses	**(0.2)**	(0.4)
Cost of insuring risk benefit	**(2.2)**	(0.5)
Employees' Contribution	**2.6**	2.2
Actuarial losses on plan assets	**(14.0)**	(7.8)
Benefits paid	**(23.6)**	(35.1)
Fair value of plan assets at December 31,	**258.6**	219.5

(f) Distribution of plan assets at end of year

	THE GROUP	THE GROUP PROFORMA
	2012	2011
Percentage of assets at end of year	**%**	%
Local bonds and equities	**30.9**	28.9
Fixed interest	**33.5**	29.4
Property	**15.8**	25.1
Overseas bonds and equities	**19.8**	16.6
Total	**100.0**	100.0

(g) Where the plan is funded, the overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield differences on other types of assets held.

(h) Movement in the other post retirements benefits

	THE GROUP
	2012
	MUR'M
Consolidation adjustment	**0.9**
Total expenses charged to income statement	**0.2**
Paid during the year	**(0.1)**
At December 31	**1.0**

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(i) The Group is expected to contribute MUR'M 51.7 to the pension scheme for the year ending December 31, 2013.

(j) Amounts for the current and previous periods

	THE GROUP				
		PROFORMA			
	2012	2011	2010	2009	2008
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Present value of defined benefit obligation	**474.1**	477.1	443.6	380.7	237.2
Fair value of plan assets	**258.6**	219.5	210.2	164.2	(18.2)
Deficit	**215.4**	257.6	233.3	216.5	116.3
Experience (losses)/gains on plan liabilities	**10.7**	(9.8)	39.9	3.5	46.7
Experience gains on plan assets	**3.4**	7.8	3.5	5.8	10.3

(k) Principal actuarial assumptions at end of year:

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
Discount rate	**9.50%**	9.50%	**9.50%**
Expected rate of return on plan assets	**9.50%**	9.50%	**9.50%**
Future salary increases	**6.50%**	6.50%	**6.50%**
Future pension increases	**0.00%**	0.00%	**0.00%**

(l) The plan assets disclosed for the Company is part of the total assets of the Terra Mauricia Group. The actual return of the total assets for the year 2012 is MUR'M 3.9 (2011 : MUR'M 3.3).

25. TRADE AND OTHER PAYABLES

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
	MUR'M	MUR'M	**MUR'M**
Trade creditors	**267.1**	312.7	**-**
Provision for compensation payments for centralisation in accordance with the Blue Print provisions	**185.7**	-	**-**
Provision for VRS costs	**17.1**	22.0	**-**
Amounts due to subsidiaries	**-**	-	**341.7**
Other payables and accruals	**247.1**	200.3	**1.8**
	717.0	535.0	**343.5**

26. TAXATION

	THE GROUP 2012	THE GROUP PROFORMA 2011	THE COMPANY 2012
(a) Liability in the statements of financial position	**MUR'M**	MUR'M	**MUR'M**
At January 1,	**-**	28.5	**-**
Consolidation adjustment	**47.5**	-	**-**
Acquisition of subsidiary	**0.7**		
Underprovision in previous year	**1.6**	0.4	**-**
Tax paid on account	**(46.3)**	(33.2)	**-**
	3.5	(4.3)	**-**
Current tax on the adjusted profits for the year @ 15% (2011 : 15%)	**89.7**	105.2	**0.2**
Tax paid	**(41.1)**	(53.4)	**-**
	52.1	47.5	**0.2**
(b) Charge in the Income statement			
Current tax on the adjusted profits for the year at 15% - 22% (2011 : 15% - 22%)	**89.7**	105.2	**0.2**
Under provision in previous years	**1.6**	0.4	**-**
Deferred taxation (note 15)	**(8.4)**	10.6	**-**
Charge for the year	**82.9**	116.2	**0.2**

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

	THE GROUP 2012	THE GROUP PROFORMA 2011	THE COMPANY 2012
	MUR'M	MUR'M	**MUR'M**
Profit before taxation and after associates' results	**878.1**	876.8	**187.1**
Tax calculated at a rate of 15% - 22% (2011: 15% - 22%)	**132.2**	131.5	**28.1**
Income not subject to tax	**(70.9)**	(60.6)	**(30.3)**
Expenses not deductible for tax purposes	**20.0**	42.6	**2.4**
Tax credit	**-**	(5.0)	**-**
Alternative Minimum Tax	-	7.3	**-**
Under provision in previous years	**1.6**	0.4	**-**
	82.9	116.2	**0.2**

27. OTHER INCOME

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
Interest income	**17.7**	8.6
Dividend income	**11.7**	8.4
Investment income	**29.4**	17.0
Profit on disposal of property, plant and equipment/non-current assets held for sale	**27.3**	24.6
Profit on disposal of investments	**20.0**	6.0
Others	**76.9**	74.1
	153.6	121.7

28. PROFIT BEFORE FINANCE COSTS

	THE GROUP 2012	THE GROUP PROFORMA 2011
	MUR'M	MUR'M
The profit before finance costs is arrived at after:		
Crediting:		
Rental of land and buildings	**44.0**	38.0
Profit on sale of property, plant and equipment/ non-current assets held for sale	**27.8**	24.6
Profit on sale of investments	**20.0**	6.0
and charging:		
Depreciation on property, plant and equipment		
-owned assets	**215.5**	261.3
Depreciation on investment properties	**6.4**	6.5
Amortisation of bearer biological assets	**76.7**	74.5
Amortisation of intangible assets	**3.0**	6.5
Amortisation of VRS costs	**19.8**	18.8
Employee benefit expense (note 28(a))	**752.6**	648.4

(a) Employee benefit expense

Wages, salaries and other costs	**719.0**	612.3
Pension costs	**33.6**	36.1
	752.6	648.4

29. EXPENSE BY NATURE

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Depreciation and amortisation	**321.4**	367.6	**-**
Raw materials and consumables used	**2,102.8**	2,108.8	**-**
Employee benefit expense	**752.6**	648.4	**-**
Cultivation and irrigation expenses	**98.0**	91.2	**-**
Others	**439.1**	411.7	**10.5**
Total cost of sales, administrative expenses, distribution costs and other expenses	**3,713.9**	3,627.7	**10.5**

30. FINANCE COSTS

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Net foreign exchange losses	**6.9**	21.1	**-**
Interest expense:			
- Bank overdrafts	**19.0**	21.2	**-**
- Loans repayable by instalments	**6.3**	14.7	**-**
- Debentures	**-**	6.9	**-**
- Other loans not repayable by instalments	**15.3**	9.8	**5.7**
	40.6	52.6	**5.7**
	47.5	73.7	**5.7**

31. EARNINGS PER SHARE

		THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Profit attributable to equityholders		**500.7**	582.7	**186.9**
Number of ordinary shares in issue		**227.5**	227.5	**227.5**
Basic earnings per share	MUR	**2.20**	2.56	**0.82**

32. DIVIDENDS

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Consolidation adjustment	**182.0**	-	**-**
Final ordinary declared - 80 cents per share	**182.0**	182.0	**182.0**
Dividends paid during the year	**(364.0)**	-	**(182.0)**
At December 31,	**-**	182.0	**-**

33. CASH AND CASH EQUIVALENTS

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M	THE COMPANY 2012 MUR'M
Cash in hand and at bank	**159.3**	158.8	**0.7**
Bank overdrafts	**(417.3)**	(104.9)	**(35.7)**
	(258.0)	53.9	**(35.0)**

34. SUBSIDIARIES

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

	Note	Type of shares held	Stated capital MUR	**2012** % holding	**2012** % held by other group companies	2011 % holding	2011 % held by other group companies	Activity
Terra Milling Ltd		Ordinary	56,657,480	**-**	**80.00**	80.00	-	Sugar
Terragen Ltd		Ordinary	520,523,500	**-**	**51.00**	-	51.00	Energy
Terra Brands Ltd		Ordinary	24,342,000	**100.00**	**-**	-	100.00	Investment
Grays Inc Ltd		Ordinary	83,280,000	**-**	**74.00**	-	74.00	Commercial
Grays Distilling Ltd		Ordinary	20,738,000	**66.67**	**-**	-	66.67	Manufacturing
Terra Services Ltd		Ordinary	25,000	**100.00**	**-**	-	100.00	Services
HF Investments Limited	(b)	Ordinary	1,916,313,379	**-**	**-**	100.00	-	Investment
Ivoirel Limitée		Ordinary	35,130,000	**100.00**	**-**	-	100.00	Investment
Sagiterra Ltd		Ordinary	25,000	**100.00**	**-**	100.00	-	Property management
Société HBM		Parts	265,494,990	**-**	**100.00**	100.00	-	Investment
Société Proban		Parts	8,100,000	**83.34**	**-**	-	83.34	Investment
Eco-Energy		Ordinary	3,000,000	**-**	**80.00**	-	-	Commercial
East Indies Company SARL		Ordinary	4,061,000	**-**	**74.00**	-	74.00	Commercial
Terra Foundation		Ordinary	10,000	**100.00**	**-**	-	100.00	Social Activities
Fondation Nemours Harel		Ordinary	10,000	**75.00**	**-**	-	75.00	Cultural
Societe Sphinx Gaze		Parts	9,525,000	**-**	**66.67**	-	66.67	Investment holding
Terrarock Ltd		Ordinary	15,000,000	**-**	**54.00**	-	54.00	Manufacturing
Terragri Ltd		Ordinary	722,455,070	**100.00**	**-**	-	-	Sugar
Terra Finance Ltd		Ordinary	1	**100.00**	**-**	-	-	Treasury
Sugarworld Limited		Ordinary	45,238,456	**95.24**	**-**	-	-	Commercial
Les Chais de L'Isle de France		Ordinary	3,000,000	**-**	**100.00**	-	-	Commercial
Terralogic Ltd		Ordinary	4,500,000	**-**	**100.00**	-	-	Computer/ICT
Terragen Management Ltd		Ordinary	100,000	-	**61.75**	-	-	Services

(a) These subsidiaries are incoporated in Mauritius. They also operate in Mauritius except for the following subsidiaries:
(i) Ivoirel Limitée, whose country of operation is Côte d'Ivoire;
(ii) East Indies Company, whose country of operation is Madagascar.
(b) HF Investments Limited has been amalgamated with Terra Mauricia Ltd on July 1, 2012

35. ASSOCIATES

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

2012	**Assets**	**Liabilities**	**Revenues**	**Profit/(loss)**	**2012 % holding**	Financial period ended
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**		
Alcohol & Molasses Export Ltd	70.4	2.7	280.1	63.7	**41.87**	June 30,
Anytime Investment Ltd	29.5	-	21.9	2.1	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	27.4	25.5	56.3	1.0	**15.43**	December 31,
East Indies Co. Ltd	88.9	76.3	111.9	1.7	**18.50**	December 31,
Horus Ltée	125.5	1.2	-	(1.7)	**50.00**	June 30,
Intendance Holding Ltd	3,641.5	1,895.3	2,954.2	197.3	**44.95**	December 31,
Les Domaines de Mauricia Limitée	3.8	3.6	0.4	-	**50.00**	December 31,
New Fabulous Investment Ltd	29.5	-	21.9	2.1	**24.50**	June 30,
New Goodwill Co. Ltd	198.7	101.3	824.6	54.6	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	941.4	1,036.0	1,795.4	(124.5)	**35.49**	June 30,
Bureaux Reunis Ltee	2.7	0.5	2.4	1.7	**50.00**	June 30,
Evapo Ltd	118.8	102.7	31.2	0.4	**50.00**	June 30,
Commada Ltd	231.5	167.5	1.5	5.3	**50.00**	December 31,
Distillerie de Bois Rouge Ltd	2.6	2.9	-	(0.3)	**33.33**	July 31,
Sucrivoire S.A	4,059.0	1,827.5	3,062.2	342.1	**25.50**	December 31,

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

The Group accounts for its investment in Coal Terminal (Management) Co Ltd as an associate although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation through two directors to the board of directors of that company.

35. ASSOCIATES (CONT'D)

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

2011	**Assets**	**Liabilities**	**Revenues**	**Profit/(loss)**	**2011 % holding**	Financial period ended
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**		
Alcohol & Molasses Export Ltd	56.4	31.9	312.4	36.0	**41.87**	June 30,
Anytime Investment Ltd	23.8	-	-	3.1	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	32.0	30.3	48.5	1.2	**15.43**	December 31,
CTBV (Management) Co Ltd	26.6	25.5	14.7	0.1	**28.00**	December 31,
East Indies Co. Ltd	38.2	33.2	70.9	4.1	**18.50**	December 31,
Horus Ltée	185.3	1.2	-	-	**50.00**	June 30,
Intendance Holding Ltd	2,248.2	1,039.4	2,463.3	212.8	**43.85**	December 31,
Les Chais de L'Isle de France Ltée	12.9	10.0	4.5	(0.3)	**50.00**	December 31,
Les Domaines de Mauricia Limitée	3.2	3.0	0.5	0.3	**50.00**	December 31,
New Fabulous Investment Ltd	23.8	-	-	3.1	**24.50**	June 30,
New Goodwill Co. Ltd	190.9	99.2	672.7	27.4	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	1,238.3	1,168.2	1,384.0	(73.9)	**35.49**	June 30,
Sugarworld Limited	71.8	6.0	54.6	7.0	**30.70**	December 31,
Bureaux Reunis Ltee	2.6	0.9	1.0	0.6	**50.00**	June 30,
Evapo Ltd	100.0	92.0	9.3	-	**50.00**	June 30,
Commada Ltd	198.1	160.9	-	(3.8)	**50.00**	December 31,
Distillerie de Bois Rouge Ltd	2.5	2.6	-	(0.1)	**33.33**	July 31,
Sucrivoire S.A	3,359.6	1,542.3	2,792.8	311.1	**25.50**	December 31,

For associates with year ended June 30, and July 31, the management accounts at December 31, 2011 have been used to calculate the share of profit and net assets.

36. CAPITAL COMMITMENTS

	THE GROUP 2012 MUR'M	THE GROUP PROFORMA 2011 MUR'M
Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:		
Property, plant and equipment	**87.6**	60.2

37. ULTIMATE HOLDING ENTITY

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

38. RELATED PARTY TRANSACTIONS

(i) THE GROUP 2012	Remuneration MUR'M	Purchases of services MUR'M	Sales of services and others MUR'M	Management fees Receivable MUR'M	Management fees payable MUR'M	Throughput and storage fees payable MUR'M	Amount receivable MUR'M	Amount payable MUR'M
Associates	**-**	**1.3**	**0.5**	**24.8**	**-**	**13.4**	**26.9**	**3.0**
Key management personnel	**73.2**	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**
Enterprises with common directors	**-**	**91.7**	**2.1**	**-**	**-**	**-**	**13.4**	**11.1**

THE GROUP PROFORMA 2011	Remuneration MUR'M	Purchases of services MUR'M	Sales of services and others MUR'M	Management fees Receivable MUR'M	Management fees payable MUR'M	Throughput and storage fees payable MUR'M	Amount receivable MUR'M	Amount payable MUR'M
Associates	-	35.8	0.2	41.6	14.7	7.5	28.8	2.4
Key management personnel	65.0	-	0.1	-	-	-	-	-
Enterprises with common directors	-	124.4	-	-	-	-	-	-

38. RELATED PARTY TRANSACTIONS (CONT'D)

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

	THE GROUP	THE GROUP PROFORMA	THE COMPANY
	2012	2011	**2012**
(iii) Key management personnel	**MUR'M**	MUR'M	**MUR'M**
Salaries and short term employee benefits	**67.6**	60.7	**29.5**
Other post-employment benefits	**5.6**	4.3	**-**
	73.2	65.0	**29.5**

(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, 2012, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2011 : Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Intercompany receivables and payables carries interest at market rate.

39. CONTINGENT LIABILITIES

(a) Court cases

(i) *Previous distillers*

An agreement was reached in 1979 between five enterprises (including a subsidiary of the group) for the sale and sharing thereof of alcohol produced from molasses and sold in Mauritius. The agreement was terminated in 2000. There is currently a dispute over the percentage share allocated upon termination to two partners who are claiming Rs.58.4 million from the other partners including a subsidiary of the group. A ruling was delivered in August 2012 by the Judge of the Commercial Court to the effect that the matter should be referred to arbitration. However, the parties have lodged an appeal against that ruling. The outcome of the appeal is still uncertain.

(ii) *Ex-employees of Beau Plan Sugar Factory*

There is currently a claim to a subsidiary for damages from ex-employees of Beau Plan Sugar Factory for MUR 130.0M in respect of breach of contract. The court case is still ongoing.

(iii) *Domaine de Bon Espoir*

Pending the outcome of the Assessment Review Committee, Terragri Ltd (Formerly Harel Frères Limited (amalgamated company in the rights of The Beau Plan Sugar Estates Company Ltd, itself an amalgamated company in the rights of Compagnie Agricole de Belle Vue Limitée)) is liable for additional land transfer tax amounting to MUR 18.0M in respect of land parcelling at Domaine de Bon Espoir. Further to the unfavourable ruling against the company, an appeal has been made.

39. CONTINGENT LIABILITIES (CONT'D)

(iv) *Irrigation Authority*
There is a dispute in respect of irrigation dues by Terragri Ltd for the period 2005 to 2009 amounting to MUR 15.6M. The matter has been referred to an Arbitration Board as provided by the water supply agreement existing between the Irrigation Authority and the Company.

(v) *Registrar General - Supreme Court*
Several appeals have been made in relation to assessments made by the Registrar General for an amount of MUR 1.28M following sales of lands. These assessments are being contested by Terragri Ltd (Formerly Harel Frères Ltd). The cases are still ongoing.

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

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

(viii) *Dissenting shareholders*
Following the special meeting of Harel Frères Limited (now Terragri Ltd) held on 23 November 2011 at which the shareholders of Terragri Ltd approved a scheme of arrangement under sections 261 to 264 of the Companies Act 2001 (the "Scheme") pursuant to which the shares of Terragri Ltd were, on 01 January 2012, exchanged for shares of Terra Mauricia Ltd ("Terra") in the ratio of 1:1, that is one (1) ordinary share of Terra for one (1) ordinary share of Terragri Ltd, certain dissenting shareholders (the "Dissenting Shareholders"), representing some 6.4% of the share capital have initiated legal proceedings against Terragri Ltd and Terra. The Dissenting Shareholders claim that they have been unfairly prejudiced by the Scheme and have applied for an order of the court requiring the buy back of their shares at fair value or the payment of compensation in a sum in excess of Rs 64 per share held by them. Terragri Ltd and Terra have been advised that the claim of the Dissenting Shareholders is misconceived. Counsel has further opined that the claim amounts to an abuse of process of the court. The claim of the Dissenting Shareholders has been resisted both by Terragri Ltd and Terra. The matter has been heard by the Bankruptcy Division of the Supreme Court of Mauritius and is awaiting judgement.

(b) Bank guarantees
In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR115.2 M (2011: MUR 115.7M).

40. SEGMENT INFORMATION

(a) Year ended December 31, 2012	**Sugar**	**Energy**	**Commercial & Alcohol production**	**Others**	**Total**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Total segment revenues	**1,406.2**	**1,196.7**	**1,426.4**	**240.1**	**4,269.4**
Intersegment sales	**(57.1)**	**(16.1)**	**(3.8)**	**(6.9)**	**(83.9)**
Revenues from external customers	**1,349.1**	**1,180.6**	**1,422.6**	**233.2**	**4,185.5**
Segment profit	**195.6**	**245.0**	**122.1**	**79.9**	**642.6**
Share of results of associates	**87.2**	**-**	**20.1**	**34.2**	**141.5**
Finance costs	**(17.0)**	**(25.4)**	**(5.1)**	**-**	**(47.5)**
Profit before taxation	**265.8**	**219.6**	**137.1**	**114.1**	**736.6**
Taxation	**(23.3)**	**(34.6)**	**(18.6)**	**(6.4)**	**(82.9)**
Profit after taxation	**242.5**	**185.0**	**118.5**	**107.7**	**653.7**
Non-controlling interests					**(153.0)**
Profit attributable to equity holders of the company					**500.7**

Year ended December 31, 2011	Sugar	Energy	Commercial & Alcohol production	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	1,276.1	1,478.6	1,352.5	167.1	4,274.3
Intersegment sales	(32.3)	(15.8)	(3.5)	-	(51.6)
Revenues from external customers	1,243.8	1,462.8	1,349.0	167.1	4,222.7
Segment profit	249.6	366.8	106.5	67.6	790.5
Share of results of associates	79.3	-	9.5	71.2	160.0
Finance costs	(26.2)	(59.0)	11.5	-	(73.7)
Profit before taxation	302.7	307.8	127.5	138.8	876.8
Taxation	(41.4)	(55.3)	(14.4)	(5.1)	(116.2)
Profit after taxation	261.3	252.5	113.1	133.7	760.6
Non-controlling interests					(177.9)
Profit attributable to equityholders of the company					582.7

40. SEGMENT INFORMATION (CONT'D)

(b) Year ended December 31, 2012	**Sugar**	**Energy**	**Commercial & Alcohol production**	**Others**	**Eliminations**	**Group**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Interest revenue	**12.1**	**2.0**	**2.6**	**1.0**	**-**	**17.7**
Interest expense	**(20.4)**	**(8.4)**	**(11.7)**	**(0.1)**	**-**	**(40.6)**
Cost of sales	**(951.4)**	**(880.6)**	**(1,036.9)**	**(124.8)**	**-**	**(2,993.7)**
Segment assets	**14,656.4**	**1,932.3**	**864.7**	**216.9**	**-**	**17,670.3**
Associates	**202.1**	**-**	**43.4**	**910.5**	**-**	**1,156.0**
Other assets	**47.3**	**3.1**	**-**	**440.4**	**-**	**490.8**
Segment liabilities	**576.2**	**154.1**	**162.0**	**36.5**	**-**	**928.8**
Borrowings	**410.1**	**2.7**	**190.7**	**37.0**	**-**	**640.5**
Other liabilities	**94.8**	**201.8**	**14.4**	**2.1**	**-**	**313.1**
Capital expenditure	**236.5**	**36.7**	**34.8**	**23.2**	**-**	**331.2**
Depreciation and amortisation	**217.0**	**62.7**	**28.8**	**12.9**	**-**	**321.4**

Year ended December 31, 2011	Sugar	Energy	Alcohol production	Others	Eliminations	Group
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Interest revenue	0.4	6.6	1.1	0.5	-	8.6
Interest expense	(26.3)	(17.6)	(8.7)	-	-	(52.6)
Cost of sales	(829.6)	(1,068.9)	(995.1)	(103.3)	-	(2,996.9)
Segment assets	9,822.2	2,085.4	813.9	185.2	(5.1)	12,901.6
Associates	114.8	-	33.5	751.5	-	899.8
Other assets	23.2	-	2.8	666.4	-	692.4
Segment liabilities	546.4	222.4	168.8	25.7	(5.1)	958.2
Borrowings	102	105.5	143.8	-	-	350.9
Other liabilities	70	210.8	10.3	3.3	-	294.8
Capital expenditure	148.7	29.0	30.5	8.7	-	216.9
Depreciation and amortisation	210.8	119.9	26.4	10.9	-	368.0

40. SEGMENT INFORMATION (CONT'D)

The Group is organised into the following main business segments :

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

Other operations of the Group mainly comprise of the manufacture and sale of building materials, rental of properties, property development services, none of which constitute a separately reportable segment.

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

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

(c) Geographical segments

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

	Sales		Total assets		Capital expenditure	
	2012	2011	**2012**	2011	**2012**	2011
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Mauritius	**4,160.7**	4,181.1	**19,115.0**	14,379.0	**331.2**	216.9
Côte d'Ivoire	**24.8**	41.6	**202.1**	114.8	**-**	-
	4,185.5	4,222.7	**19,317.1**	14,493.8	**331.2**	216.9

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.

	2012	2011
Analysis of sales	**MUR'M**	MUR'M
Sale of sugar, molasses and bagasse	**1,349.1**	1,243.8
Sale of electricity	**1,180.6**	1,462.8
Sale of goods	**1,422.6**	1,349.0
Revenue from services	**233.2**	167.1
	4,185.5	4,222.7

For revenue recognition see note 2(q).

41. BUSINESS COMBINATIONS

(a) HF Investments Ltd

On July 1, 2012, Terra Mauricia Ltd has amalgamated with HF Investments Ltd in accordance with and pursuant to the provisions of the Companies Act 2001.

Terra Mauricia Ltd is the continuing company;

The fair value of assets and liabilities at the date of amalgamation were as follows:

	MUR'M
Investment in subsidiaries	976.1
Investment in associates	1,306.4
Investment in finacial assets	664.4
Other receivables	1.0
Borrowings	(2.6)
Other payables	(306.1)
Fair value of net asset amalgamated	2,639.2
Less: cost of investment	(2,682.6)
Amalgamation adjustment (net)	(43.4)

41. BUSINESS COMBINATIONS (CONT'D)

(b) Sugarworld Ltd

On September 30, 2012, the Group has increased its stakeholding in Sugarworld from 30.70% to 95.94% and as a result, has obtained the control of Sugarworld Ltd

Consideration :

	MUR'M
Reclassified from associates	25.5
Cash	49.8
Total consideration	75.3

The carrying value of asset and liabilities at the acquisition date were as follows:

Property, Plant and Equipment	58.8
Inventories	4.4
Trade and other receivables	2.3
Cash and cash equivalents	6.6
Borrowings	(1.0)
Retirement benefit obligations	(0.9)
Deferred tax liabilities	(0.2)
Trade and other payables	(4.8)
Current tax liabilities	(0.7)
Total identifiable net assets	64.5
Non controlling interest	(3.1)
	61.4
Goodwill	13.9

41. BUSINESS COMBINATIONS (CONT'D)

(c) Les Chais de L'Isle France Ltée

On June 30, 2012, the Group has increased its stakeholding in Les Chais de L'Isle de France Ltée from 50% to 100% and as result, has obtained the control of Les Chais de L'Isle de France Ltée.

Consideration :

	MUR'M
Reclassified from associates	1.5
Cash	3.6
Total consideration	5.1

The carrying value of asset and liabilities at the acquisition date were as follows:

	MUR'M
Property, Plant and Equipment	4.8
Inventories	6.4
Trade and other receivables	2.7
Cash and cash equivalents	0.4
Trade and other payables	(9.2)
Net asset at acquisition date	5.1

(d) Terragen Management Ltd (Formerly CTBV Management Co Ltd)

On July 31, 2012, the Group has received 3,375 ordinary shares from Séchilienne-SIDEC, another shareholders, for no consideration and as result, the shareholding of the Group in Terragen Management Ltd has increased from 28.0% to 61.8%.

The carrying value of asset and liabilities at the transfer date were as follows:

	MUR'M
Non current receivable	7.5
Trade and other receivables	9.7
Trade and other payables	(8.7)
Borrowings	(1.1)
Retirement benefit obligations	(6.4)
Total identifiable net assets	1.0
Non controlling interests	(0.4)
	0.6

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

		THE GROUP PROFORMA	
	2012	2011	2010
INCOME STATEMENTS	**MUR'M**	MUR'M	MUR'M
Turnover	**4,185.5**	4,222.7	3,643.3
Profit before taxation, exceptional items and associates' results	**595.1**	716.8	389.2
Share of results of associates	**141.5**	160.0	86.7
Taxation	**(82.9)**	(116.2)	(75.7)
Profit after taxation	**653.7**	760.6	400.2
Profit attributable to:			
Owners of the parent	**500.7**	582.7	250.4
Non Controlling interests	**153.0**	177.9	149.8
STATEMENTS OF COMPREHENSIVE INCOME			
Profit after taxation	**653.7**	760.6	400.2
Other comprehensive income for the year net of tax	**4,184.8**	140.9	253.7
Total comprehensive income	**4,838.5**	901.5	653.9
Total comprehensive income attributable to:			
Owners of the parent	**4,676.4**	698.9	464.2
Non controlling interests	**162.1**	202.6	189.7
	4,838.5	901.5	653.9
Percentage of profit on shareholders' interest (%)	**3.0**	4.9	2.2
Earnings per share (MUR)	**2.20**	2.56	1.14
Dividends proposed and paid	**182.0**	-	154.1
Dividends proposed	**182.0**	182.0	-
Dividend per share (MUR)	**0.8**	0.8	0.7
Dividend cover (times)	**2.8**	3.2	1.6
Net assets per share (MUR)	**72.4**	52.6	50.4
Weighted number of ordinary shares used in calculation (M)	**227.5**	227.5	220.1
Number of ordinary shares at end of year (M)	**227.5**	227.5	227.5
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	**17,099.1**	12,337.1	12,434.5
Current assets	**2,195.1**	2,149.5	1,960.6
Non-current assets classified as held-for-sale	**22.9**	7.2	12.4
Total assets	**19,317.1**	14,493.8	14,407.5
Owners' interest	**16,473.2**	11,976.0	11,455.0
Non Controlling interests	**961.5**	914.0	840.7
Non-current liabilities	**543.3**	542.1	895.2
Current liabilities	**1,338.8**	1,061.5	1,216.4
Liabilities directly associated with non-current assets held for sale	**0.3**	0.2	0.2
Total equity and liabilities	**19,317.1**	14,493.8	14,407.5

DIRECTORS OF SUBSIDIARY COMPANIES

(pursuant to Section 221 of the Companies Act 2001)

Subsidiary Companies	East Indies Company	Grays Distilling Ltd	Grays Inc. Ltd	HF Investments Limited (amalgamated with Terra Mauricia Ltd on 01.07.2012)	Ivoirel Ltee	Les Chais de L'Isle De France Ltee	Sagiterra Ltd	Sugarworld Limited	Terra Brands Ltd	Terra Finance Ltd	Terra Foundation	Terra Milling Ltd	Terra Services Ltd	Terragen Ltd	Terragen Management Ltd	Terragri Ltd	Terralogic Ltd	Terrarock Ltd
Directors																		
Vincent Ah Chuen		✗																
Premsagar Bholah								✓						✓	✓			
Christian Blanchard															✓			
Sookraz Boodhun												✗						
François Boullé																		✓
Jean Paul Chasteau de Balyon								✗										
Devendra Curpen	✓																	
Louis Decrop															✓			
Patrick de Labauve d'Arifat								✗										
Maurice de Marassé Enouf		✓	✓						✓			✓		✓		✓		
Bernard Desvaux de Marigny							✓											
Jean Claude Desvaux de Marigny												✓						
George Dumbell																✗		
Jean de Fondaumière																✓		
Dominique de Froberville							✓									✓		
Jean Michel Giraud																		✓
Edwige Gufflet								✓										
Louis Guimbeau																✗		
Alexis Harel	✓	✓	✓	✗		✓			✓		✓	✓				✓	✓	
Henri Harel		✓	✓		✓		✓		✓	✓	✓	✓	✓	✓	✓	✓		
Hubert Harel																✓		
Louis Denis Koenig		✓			✓		✓	✓		✓			✓					
Reynolds Laguette												✓						
Pascal Langeron														✓	✓			
Stéphane Leal								✗										
Edouard Lee		✓																
Jacques Li Wan Po		✓																
Jean Hugues Maigrot											✗					✗		
Iqbal Mallam-Hasham														✓	✗			
Cyril Mayer		✓	✓	✗	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
François Montocchio																✓		
Daniel Nairac										✓	✓					✓		
Nardus Oosthuizen			✓															
Bernard Marie Pétin						✓												
Stephen Pharoah								✓										
Jean Arthur Pilot Lagesse												✓		✓				✓
Christophe Quevauvilliers																		✓
Babloo Ramanah												✗						
Bernard Robert														✓	✓			
Vincent Rogers																		✓
George Schooling			✓															
Stéphane Ulcoq																		✓
Olivier Marie Richard Thieblin						✓												
Alain Vallet		✓	✓	✗		✓	✓	✓	✓			✓		✓		✓	✓	✓
Louis Maxime Adolphe Vallet								✓										
Noel Adolphe Vallet								✗										
Margaret Wong Ping Lun																✓		
Samuel Yiptong		✓																
Alternate Directors																		
Deevendra Cally														✓				
Arnaud Dalais								✗										
Daniel Van Deventer			✗															
Patrice Leal								✗										
Didier Vallet																		✓

✓ In office at December 31, 2012

✗ Ceased to hold office during the year ended December 31, 2012

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of the shareholders of TERRA Mauricia Ltd ('Terra') will be held at 7th Floor, Harel Mallac Building, 18 Edith Cavell Street, Port-Louis on WEDNESDAY 26 JUNE 2013 at 2.00 p.m. to transact the following business:

1. To consider the Annual Report for the year ended December 31, 2012.

2. To receive the report of the auditors on the audited financial statements of Terra for the year ended December 31, 2012.

3. To consider and approve the audited financial statements of Terra for the year ended December 31, 2012:

   Ordinary Resolution
   "Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended December 31, 2012 be and is hereby approved".

4. To consider and approve by way of an Ordinary Resolution pursuant to clause 32 of the Amended and Restated Constitution of Terra, the following matters pertaining to Terragri Ltd ('Terragri'):

   4.1 the audited financial statements of Terragri for the year ended December 31, 2012:

   Ordinary Resolution
   "Resolved that the audited financial statements of Terragri for the year ended December 31, 2012 be and is hereby approved".

   4.2 the re-election, pursuant to Clause 20.2 of the constitution of Terragri and Section 138 (6) of the Companies Act 2001, of Mr Daniel Nairac as director of Terragri until the next Annual Meeting of shareholders of Terragri.

   Ordinary Resolution
   "Resolved that Mr Daniel Nairac be and is hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri."

   4.3 the re-election, pursuant to clauses 20.2 and 20.5.4 of the constitution of Terragri of the following persons who, retiring by rotation, offer themselves for re-election as directors of Terragri (as separate resolutions):
   (i) Mr Maurice de Marassé Enouf
   (ii) Mr Henri Harel
   (iii) Mr François Montocchio.

   Ordinary Resolution
   "Resolved that the following persons be and are hereby re-elected as director of Terragri (as separate resolutions):
   (i) Mr Maurice de Marassé Enouf
   (ii) Mr Henri Harel
   (iii) Mr François Montocchio."

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

   Ordinary Resolution
   "Resolved that the automatic 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."

   4.5 the amendment of clause 19.6 of the constitution of Terragri on the requirement of quorum for a meeting of shareholders of Terragri:

   Special Resolution
   "Resolved that the Constitution of Terragri Ltd be and is hereby amended by deleting Paragraph (b) of clause 19.6 under the heading "Quorum" and replacing it by the following new paragraph, viz:
   (b) A quorum for a Meeting shall be present where Shareholders, their representatives, or proxies are present or have cast postal votes representing at least Fifty One Per Cent (51%) of the voting rights that may be cast on the business to be transacted by that Meeting."

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 authorise by way of Special Resolution the board of directors of Terra in its capacity as representative of Terra, the sole shareholder of Terragri, to implement the resolution referred to at paragraphs 4.5 above at the Annual Meeting of Terragri.

Special 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 resolution passed pursuant to paragraph 4.5 above at the Annual Meeting of Terragri."

7. To consider and approve by way of Ordinary Resolution the following matters pertaining to Terra:

7.1 the re-election, pursuant to clause 20.2 of the amended and restated constitution of Terra and Section 138 (6) of the Companies Act 2001, of Mr Daniel Nairac as director of Terra until the next Annual Meeting of shareholders of Terra.

Ordinary Resolution
"Resolved that Mr Daniel Nairac be and is hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra."

7.2 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, offers themselves for re-election as directors of Terra (as separate resolutions):
(i) Mr Maurice de Marassé Enouf
(ii) Mr Henri Harel
(iii) Mr François Montocchio.

Ordinary Resolution
"Resolved that the following persons be and are hereby re-elected as director of Terra (as separate resolutions):
(i) Mr Maurice de Marassé Enouf
(ii) Mr Henri Harel
(iii) Mr François Montocchio."

7.3 to fix for the period starting from July 01, 2013 and ending on June 30, 2014, the fees of (i) the directors of Terra at MUR 25,000 per month and MUR 15,000 per Board sitting; and (ii) the Chairperson of Terra at MUR 50,000 per month and MUR 30,000 per Board sitting, pursuant to clause 23.1 of the amended and restated constitution of Terra.

Ordinary Resolution
"Resolved that the fees for the period from July 01, 2013 to June 30, 2014 be and are hereby fixed at MUR 25,000 per month and MUR 15,000 per Board sitting for the directors of Terra; and MUR 50,000 per month and MUR 30,000 per Board sitting for the Chairperson of Terra."

8. To take note of the automatic re-appointment of the auditors under section 200 of the Companies Act 2001 and authorise by way of Ordinary Resolution the board of Terra to fix their remuneration.

Ordinary Resolution
"Resolved that the automatic 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."

By order of the Board
Terra Services Ltd
Secretary

Dated this 15th day of May 2013

N.B.: Please refer to the notes overleaf.

Notes:

a. A shareholder of the Company 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 the Company not less than twenty-four (24) hours before the time of holding the meeting, and in default, the instrument of proxy shall not be treated as valid. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

c. The notice for casting a postal vote must be made in writing on the enclosed form and sent to the attention of Mr Louis Denis Koenig, the person authorised by the board of directors of the Company to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of the Company not less than forty-eight (48) hours before the time of holding the meeting, and in default, the notice of postal vote shall not be treated as valid.

d. For the purpose of the above Annual Meeting, the directors have resolved, in compliance with section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend the meeting shall be those shareholders whose names are registered in the share register of Terra as at June 03, 2013.

e. The audited financial statements of Terragri for the year ended December 31, 2012 are available for inspection during normal business hours at the registered office of Terra, 18 Edith Cavell Street, Port-Louis.

TERRA MAURICIA LTD (the "Company")

Proxy / Casting postal vote form

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

I/We…………..……………………………………......……........

of…………………………………………………......……........

being shareholder/s of the above named company hereby appoint………..

of………………………………………...………………......or failing him/her, …..……...........……………..……..…...........

of ………………………………..………………..............or the Chairperson as my/our proxy to vote for me/us at the **Annual Meeting** of the Company to be held on **Wednesday 26 June 2013** and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions, as indicated below:

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

I/We………………………………………………………………

of……………………………………….. being shareholder/s of the above named company desire my/our vote/s to be cast as indicated on the under-mentioned resolutions at the **Annual Meeting** of the Company to be held on **Wednesday 26 June 2012** and at any adjournment thereof:

RESOLUTIONS		**FOR**	**AGAINST**	**ABSTAIN**
3	Resolved that the audited financial statements of Terra Mauricia Ltd for the year ended December 31, 2012 be and is hereby approved.	....	....	....
4.1	Resolved that the audited financial statements of Terragri Ltd for the year ended December 31, 2012 be and is hereby approved.	....	....	....
4.2	Resolved that Mr Daniel Nairac be and are hereby re-elected as director of Terragri to hold office until the next Annual Meeting of Terragri.	....	....	....
4.3	Resolved that the following persons be and are hereby re-elected as director of Terragri (as separate resolutions):			
	(i) Mr Maurice de Marassé Enouf	....	....	....
	(ii) Mr Henri Harel	....	....	....
	(iii) Mr François Montocchio	....	....	....
4.4	Resolved that the Constitution of Terragri Ltd be and is hereby amended by deleting Paragraph (b) of clause 19.6 under the heading "Quorum" and replacing it by the following new paragraph, viz: (b) A quorum for a Meeting shall be present where Shareholders, their representatives, or proxies are present or have cast postal votes representing at least Fifty One Per Cent (51%) of the voting rights that may be cast on the business to be transacted by that Meeting.	....	....	....
4.5	Resolved that the automatic reappointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted and that the board of Terragri be and is hereby authorised to fix their remuneration.	....	....	....

*: Please fill in the appropriate section but not both.

P.T.O.

TERRA MAURICIA LTD (the "Company")

Proxy / Casting postal vote form

RESOLUTIONS		FOR	AGAINST	ABSTAIN
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.	....	....	....
6	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 resolution passed pursuant to paragraph 4.5 above at the Annual Meeting of Terragri.	....	....	....
7.1	Resolved that Mr Daniel Nairac be and are hereby re-elected as director of Terra to hold office until the next Annual Meeting of Terra.	....	....	....
7.2	Resolved that the following persons be and are hereby re-elected as director of Terra (as separate resolutions):			
	(i) Mr Maurice de Marassé Enouf	....	....	....
	(ii) Mr Henri Harel	....	....	....
	(iii) Mr François Montocchio.	....	....	....
7.3	Resolved that the fees for the period from July 01, 2013 to June 30, 2014 be and are hereby fixed at MUR 25,000 per month and MUR 15,000 per Board sitting for the directors of Terra; and MUR 50,000 per month and MUR 30,000 per Board sitting for the Chairperson of Terra.	....	....	....
8	Resolved that the automatic reappointment of the auditors under section 200 of the Companies Act 2001 be and is hereby noted and that the board of Terra be and is hereby authorised to fix their remuneration.	....	....	....

Signed this …………………….. day of June 2013.

…………………………….
Signature(s)

NOTES

a. If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.

b. To be effective, this form of proxy should reach the registered office of the company, 18 Edith Cavell Street, Port-Louis, not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

c. To be effective, this notice of postal vote should be sent to the attention of Mr Louis Denis Koenig, the person authorised by the Board to receive and count the postal votes at the Annual Meeting and should reach the registered office of the company, 18 Edith Cavell Street, Port-Louis, not less than forty-eight (48) hours before the time of holding the meeting.

FAQ on Cocoon paper

Is recycled paper better for the environment than virgin paper?

YES. Recycled paper helps the environment in a number of ways:
• Recycling helps preserve forests, reducing demand for wood.
• Recycling avoids accumulation of waste sites and incinerators, which generate CO2 emissions.
• Recycling lengthens the lifespan of paper, since fibres can be recycled 4 to 5 times.
• Producing recycled paper requires around 2 times less energy and 3 times less water than paper made with virgin pulp.

What is Cocoon paper made from?

Cocoon paper is made from 100% genuine, recovered waste paper.

How is Cocoon paper so white and bright?

The recycled pulp production process uses a multi-stage cleaning process. It uses biodegradable cleaners and chlorine free bleaches. Sodium hydrosulphite, a reductive bleach, is used to remove colour from the fibers and hydrogen peroxide, an oxidative bleach, is used to brighten the fibres. It's a sustainable process, as, for example, the hydrogen peroxide breaks down into water and oxygen upon disposal.
This leads to a high quality and white recycled pulp, so that very limited quantities of optical brightening agents are added to enhance the whiteness and brightness of the paper. Although the de-inking process uses water and chemicals, it is still less harmful to the environment than the manufacturing process of making paper from virgin fibre.
The result is a paper with a whiteness of 150 CIE produced with the care for environment very much in mind.

Why is Forest Stewardship Council (FSC) a guarantee for recycled papers?

Cocoon offset and preprint papers have been recognized by the FSC and have been awarded the FSC 100% recycled label.
Products with a 100% recycled label support re-use of forest resources and use only post-consumer fibre, in accordance with FSC standards.

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