

TERRA MAURICIA LTD

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

GROUP ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

GROUP ABRIDGED AUDITED STATEMENTS OF FINANCIAL POSITION

	THE GROUP	RESTATED THE GROUP	RESTATED THE GROUP
	2019 MUR'M	2018 MUR'M	2017 MUR'M
ASSETS			
Non-current assets	16,524.0	15,781.7	15,089.7
Current assets	3,462.6	2,867.7	2,832.3
Non-current asset classified as held for sale	580.7	-	-
Total assets	20,567.3	18,649.4	17,921.7
EQUITY AND LIABILITIES			
Capital and reserves			
Owners' interest of the Company	14,033.7	13,008.7	12,514.9
Non-controlling interests	1,019.9	983.5	987.5
Total equity	15,053.6	13,992.2	13,502.4
Non-current liabilities	1,099.1	1,052.9	1,204.3
Current liabilities	4,414.6	3,604.3	3,215.0
Total equity and liabilities	20,567.3	18,649.4	17,921.7

GROUP ABRIDGED AUDITED STATEMENTS OF PROFIT OR LOSS

	THE GROUP	RESTATED THE GROUP
	2019 MUR'M	2018 MUR'M
Revenue	5,047.3	5,185.4
Profit before finance costs, impairment and share of results of associates	515.0	252.8
Net finance costs	(118.0)	(83.0)
Share of results of associates	170.9	254.0
Impairment of associates	(120.1)	(66.0)
Profit before taxation	447.8	357.8
Taxation	(67.1)	(38.2)
Profit for the year	380.7	319.6
Profit attributable to:		
Owners of the Company	262.8	197.3
Non-controlling interests	117.9	122.3
	380.7	319.6

DATA PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE - MUR	1.16	0.87
NET ASSETS PER SHARE - MUR	61.67	57.17
NUMBER OF ORDINARY SHARES AT YEAR END	227,545,624	227,545,624

GROUP ABRIDGED AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP	RESTATED THE GROUP
	2019 MUR'M	2018 MUR'M
Profit for the year	380.7	319.6
Other comprehensive income for the year	1,017.5	479.3
Total comprehensive income for the year net of tax	1,398.2	798.9
Total comprehensive income attributable to:		
Owners of the parent	1,244.1	667.6
Non-controlling interests	154.1	131.3
	1,398.2	798.9

GROUP ABRIDGED AUDITED STATEMENTS OF CHANGES IN EQUITY

THE GROUP	Attributable to owners of the Company					Non-controlling interests MUR'M	Total Equity MUR'M
	Share Capital MUR'M	Revaluation and Other Reserves MUR'M	Retained Earnings MUR'M	Total MUR'M	Total MUR'M		
At January 1, 2019	11,976.0	1,000.2	798.4	13,774.6	1,052.5	14,827.1	
- As previously reported	-	(572.8)	(193.1)	(765.9)	(69.0)	(834.9)	
- Effect of prior year adjustments	-	(572.8)	(193.1)	(765.9)	(69.0)	(834.9)	
- as restated	11,976.0	427.4	605.3	13,008.7	983.5	13,992.2	
Profit for the year	-	-	262.8	262.8	117.9	380.7	
Other comprehensive income for the year	-	981.3	-	981.3	36.2	1,017.5	
Release on disposal of land	-	(2.3)	2.3	-	-	-	
Transfers through other comprehensive income	-	7.5	(7.5)	-	-	-	
Other movements	-	2.1	(27.8)	(25.7)	(2.4)	(28.1)	
Dividends	-	-	(193.4)	(193.4)	(115.3)	(308.7)	
Balance as at December 31, 2019	11,976.0	1,416.0	641.7	14,033.7	1,019.9	15,053.6	
At January 1, 2018	11,976.0	351.9	903.3	13,231.2	1,062.3	14,293.5	
- As previously reported	-	(470.3)	(246.0)	(716.3)	(74.8)	(791.1)	
- Effect of prior year adjustments	-	(470.3)	(246.0)	(716.3)	(74.8)	(791.1)	
- as restated	11,976.0	(118.4)	657.3	12,514.9	987.5	13,502.4	
Profit for the year - restated	-	-	197.3	197.3	122.3	319.6	
Other comprehensive income for the year - restated	-	470.3	-	470.3	9.0	479.3	
Deconsolidation of subsidiaries	-	-	(8.7)	(8.7)	(5.7)	(14.4)	
Transfers to retained earnings	-	20.7	(20.7)	-	-	-	
Movement in reserves	-	54.8	(26.5)	28.3	(12.3)	16.0	
Dividends	-	-	(193.4)	(193.4)	(117.3)	(310.7)	
Balance as at December 31, 2018	11,976.0	427.4	605.3	13,008.7	983.5	13,992.2	

GROUP ABRIDGED AUDITED CASH FLOW STATEMENT

	THE GROUP	RESTATED THE GROUP
	2019 MUR'M	2018 MUR'M
Net cash from operating activities	44.8	750.5
Net cash used in investing activities	(439.5)	(233.9)
Net cash from/(used in) in financing activities	489.8	(211.7)
Increase in cash and cash equivalents	95.1	304.9
Movements in cash and cash equivalents		
At January, 1	356.5	51.6
Increase	95.1	304.9
At December, 31	451.6	356.5

NOTES

1: The Group abridged audited financial statements for the year ended December 31, 2019 are audited and have been prepared in line with International Financial Reporting Standards, except for the adoption of the relevant amendments to published Standards, Standards and Interpretations issued, now effective.

2: AUDITORS' REPORT

The abridged audited consolidated financial statements for the year ended December 31, 2019 have been extracted from the annual consolidated financial statements which have been prepared in accordance with the Mauritius Companies Act and the Financial Reporting Act and comply with International Financial Reporting Standards, taking into consideration all revised IAS and new IFRS effective for accounting periods beginning on January 01, 2019. The independent auditors' report for the consolidated financial statements was issued with an "Except for" qualification.

Basis for Qualified Opinion

Consolidated financial statements

The Group has an associate, Sucrivoire S.A. ("the Associate"), whose operations are in Côte d'Ivoire. The Associate is accounted for using the equity method. For the year ended December 31, 2019, the share of the net assets of the Associate was MUR 560,554,484 (representing 19.2% of total Investment in Associates and 2.7% of total assets), and the share of loss from the Associate was MUR 129,002,325. The auditors were unable to obtain sufficient audit evidence regarding the financial information of the Associate as they did not receive group reporting from the component auditors within the timeframe for group reporting and it was impracticable to perform alternative audit procedures, as the required financial information and underlying supporting documentation were not made available to the auditors. Additionally, the auditors were unable to obtain sufficient audit evidence on the opening balances of the share of net assets of the Associate, for the same reasons set out above.

3: SEGMENT INFORMATION

Terra Mauricia Ltd segments are strategic business units that offer different products and services.

THE GROUP	CANE	POWER	BRANDS	PROPERTY AND LEISURE	OTHERS	TOTAL
2019	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
External sales	1,026.4	1,294.7	2,288.5	214.0	223.7	5,047.3
Segment (loss)/profit after finance costs	(151.6)	186.4	144.7	250.6	(33.1)	397.0
Share of results of associates	(129.0)	(2.6)	35.2	18.6	248.7	170.9
(Loss)/profit after tax	(269.8)	160.4	135.7	268.7	85.7	380.7
Non-controlling interests	-	-	-	-	-	(117.9)
Profit attributable to equity holders of the company	-	-	-	-	-	262.8
THE GROUP 2018 - Restated						
External sales	835.7	1,450.6	2,410.9	285.1	203.1	5,185.4
Segment (loss)/profit after finance costs	(277.5)	249.1	68.9	220.4	(91.1)	169.8
Share of results of associates	(45.7)	(4.6)	28.9	12.1	263.3	254.0
(Loss)/profit after tax	(322.0)	211.7	77.3	236.1	116.5	319.6
Non-controlling interests	-	-	-	-	-	(122.3)
Profit attributable to equity holders of the company	-	-	-	-	-	197.3

Total assets	CANE	POWER	BRANDS	PROPERTY AND LEISURE	OTHERS	TOTAL
December 31, 2019	8,075.0	1,823.7	1,997.2	5,009.1	3,662.3	20,567.3
December 31, 2018	8,797.9	1,955.3	1,953.7	2,836.6	3,105.9	18,649.4

Year ended December 31, 2019

	CANE	POWER	BRANDS	PROPERTY AND LEISURE	OTHERS	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Sale of goods	969.3	-	2,273.6	-	209.3	3,452.2
Sale of electricity	-	1,294.7	-	-	-	1,294.7
Sale of properties	-	-	-	33.6	-	33.6
Revenue from services	57.1	-	14.9	180.4	10.8	263.2
Dividend income	-	-	-	-	3.6	3.6
	1,026.4	1,294.7	2,288.5	214.0	223.7	5,047.3

Year ended December 31, 2018

Sale of goods	835.7	-	2,410.9	-	-	3,246.6
Sale of electricity	-	1,450.6	-	-	-	1,450.6
Sale of properties	-	-	-	172.6	-	172.6
Revenue from services	-	-	-	112.5	203.1	315.6
	835.7	1,450.6	2,410.9	285.1	203.1	5,185.4

COMMENTS ON GROUP ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

GROUP RESULTS

Group turnover for 2019 decreased by MUR 138.1 M, to MUR 5,047.3 M (MUR 5,185.4 M in 2018), while Group profit after tax increased by 19.1% to MUR 380.7 M compared to MUR 319.6 M in 2018, as restated.

The financial statements for the year ended December 31, 2018 have been restated. The prior year adjustments were mainly attributable to the reclassification of part of land and buildings from Property Plant and Equipment to Investment Properties and the reversal of the related Group revaluation surplus, as our Investment Properties are held at cost. The overall negative impact on our Group reserves and our retained earnings amounted to MUR 572.8 M and to MUR 193.1 M respectively. The positive impact on the after-tax profit for the year ended 31 December 2018 amounted to MUR 86.1 M and is mainly attributable to the restatement of associates' results, change in accounting treatment on land sales and to the depreciation adjustment on the reclassification of Property Plant and Equipment / Investment Properties.

Our Net Asset per Share at December 31, 2019 was MUR 61.67 (2018: MUR 57.17, as restated). This increase is mainly due to the revaluation of our land and buildings in 2019, which gave rise to a revaluation surplus of MUR 1.2 B. Owners' interest increased by 7.9% to reach MUR 14.0 B.

Audit opinion

The "except for" qualification in the audit opinion relates to our investment in Sucrivoire S.A, an associate company in Côte d'Ivoire, in which Terra's shareholding is 25.5%. Sucrivoire S.A's financial statements for the period under review are audited by qualified auditors in Côte d'Ivoire. Our Group auditor, KPMG, did not consider having received sufficient comfort from the auditors of Sucrivoire S.A. and accordingly deemed it appropriate to qualify our 2019 audit report. Sucrivoire S.A's share of net assets as at December 31, 2019 was MUR 560.6 M. The net asset value of Sucrivoire S.A. represents 2.7% of Terra Mauricia's total assets, which are worth MUR 20.6 B.

CANE

Despite the occurrence of non-recurring items, namely the impairment of milling intangible assets of MUR 98.3 M, bearer biological assets of MUR 32.4 M, as well as of one-off restructuring costs of MUR 44.0 M, losses attributable to our Mauritius sugar operations were reduced by MUR 125.9 M to MUR 151.6 M (corresponding 2018 losses stood at MUR 277.5 M), on account of a sugar price improvement of MUR 2,583 per tonne, compared to the previous year price of MUR 8,800 per tonne. Nevertheless, sugar price level remains low at MUR 11,383 per tonne, well below the estimated minimum sugar price required to ensure the sustainability of our sugar operations.

Our associate in Côte d'Ivoire had a poor overall crop, adversely impacted by sugar-cane diseases and sub-par mill efficiencies, which resulted in losses of MUR 129.0 M (2018: MUR 45.7 M). The above resulted in the sugar cluster posting overall losses of MUR 269.8 M (2018 losses MUR 322.0 M).

POWER

The profit for the year of our energy cluster decreased by MUR 51.3 M to MUR 160.4 M (2018: MUR 211.7 M), mainly due to a tariff adjustment in line with contractual provisions.

BRANDS

The increase in profitability of MUR 58.4 M to MUR 135.7 M, is mainly attributable to improved production efficiencies at Grays Distilling and Grays Inc. having improved its sales margins and reduced its non-recurring expenses.

PROPERTY AND LEISURE

The cluster continued to improve its revenues from land sales, property rental levels, consultancy fees and leisure activities, which resulted in an after-tax profit of MUR 268.7 M compared to MUR 236.1 M in 2018.

OTHERS

This segment posted a decrease in profits of MUR 30.8 M to MUR 85.7 M (2018: MUR 116.5 M) after recording impairment losses for certain associates, as well as higher finance costs, which were mitigated by fair value gain on non-current assets classified as held for sale.

OUTLOOK

The world is currently facing an unprecedented challenge in the handling of the Covid-19 pandemic, and the latest International Monetary Fund projections published in June 2020 indicate that the global economy is likely to shrink by 4.9% this year. The negative impact on the Mauritian economy is estimated to be significantly higher, due to the particularly crippling impact of the Covid-19 crisis on the tourism industry, which, in view of its high multiplier effect, is an important pillar of our economy. At this stage, with poor visibility on how long Covid-19 will last and on its ensuing consequences, it is anticipated that our activities in the Property & Leisure, as well as in the Brands segments, will be significantly affected by this crisis.

As regards Cane, we are waiting for the implementation of bold measures, as a matter of urgency, with a view to addressing the structural reform of the sugar industry. A biomass framework is under consideration by the authorities and its application should contribute to the sustainability of the sugar-cane industry. On a positive note, we forecast a return to profitability in our sugar operations in Côte d'Ivoire. Terragen is currently in the process of finalising an agreement with the CEB to pursue its operations over the next five years.

The Group balance sheet remains strong, with owner's interest at MUR 14.0 B, Group gearing at 20% and interest cover based on profit before finance costs being 4 times at end of December 2019. This will allow us to withstand the economic shocks resulting from the impact of the Covid-19 crisis, while we continue to look for new investment opportunities that could potentially arise.

By order of the Board of Directors
Terra Services Ltd
Secretary
July 29, 2020

These Group abridged audited financial statements are issued pursuant to Listing Rule 12.14 and Securities Act 2005. The Board of Directors of Terra Mauricia Ltd accepts full responsibility for the accuracy of the information contained in these Group abridged audited financial statements. The statement of direct and indirect interests of officers of the company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available, free of charge, upon request addressed to the Company Secretary, Terra Services Ltd, Beau Plan Business Park, Pamplemousses. Copies of the Group abridged audited financial statements are available, free of charge, upon request addressed to the Company Secretary, Terra Services Ltd, Beau Plan Business Park, Pamplemousses.