CONSTANCE LA GAIETÉ COMPANY LIMITED

ANNUAL REPORT 2018

Contents

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of **Constance La Gaieté Company Limited** for the year ended 31st December 2018. This report was approved by the Board on 29th March 2019.

George J. Dumbell
Chairman

Jean Ribet
Director
Constance Group Chief Executive Officer

Report of the Directors

Dear Shareholder,

The Directors of Constance La Gaieté Company Limited have pleasure in presenting to you the Annual Report of the Company together with its Audited Financial Statements for the year ended 31st December 2018.

Business Overview Industry Review

In comparison with 2017, total sugar production was down by 31,807 tonnes, to reach 323,406 tonnes. Some 3.153 million tonnes of cane were harvested from 47,678 hectares, yielding 66.16 tonnes per hectare. The sector was heavily affected by the reduction in estimated sugar price, which reached MUR 8,800 per tonne compared with MUR 11,000 per tonne a year earlier.

Industry Comparative Results (2014–18)

Year	**2018**	2017	2016	2015	2014
Area harvested (hectares)	**47,678**	49,972	51,476	52,387	50,694
Cane harvested (thousand tonnes)	**3,155**	3,713	3,798	4,009	4,044
Cane yield (tonnes/ha)	**66.16**	74.31	73.79	76.53	79.78
Cane crushed (thousand tonnes)	**3,153**	3,711	3,796	4,004	4,039
Sugar produced (thousand tonnes)	**324**	355	386	366	400
Extraction rate (%)	**10.26**	9.57	10.18	9.14	9.91
Sugar yield (tonnes/ha)	**6.78**	7.11	7.50	6.99	7.89

Year in Review

2018 Sugarcane Harvest

2018 cane yield was very disappointing all over the island. At Constance the yield was 63 tonnes per hectare, the lowest figure registered over the past five years. This low performance was due to an excess rainfall and lack of sunshine during the growing season. However, very good conditions prevailing during the ripening stage of the cane, and which was sustained during winter, contributed to a very good sugar content of 10.68% for the Company.

Estate Cane and Sugar Production

Crop Year	**2018**	2017	2016	2015	2014
Area harvested (hectares)	**1,919**	1,971	1,998	2,032	2,032
Cane yield per hectare (tonnes)	**63.32**	72.38	69.66	70.33	76.65
Total cane harvested (tonnes)	**121,568**	142,635	139,211	142,882	155,262
Sugar produced per hectare (tonnes)	**6.76**	7.22	7.34	6.64	7.72
Sugar produced (tonnes)	**12,981**	14,231	14,666	13,495	15,695
Share of sugar produced (tonnes)	**10,125**	11,100	11,439	10,526	12,085
Extraction (%)	**10.68**	9.98	10.53	9.45	10.08

Financial Performance

Our activities were severely impacted by the prevailing difficult market conditions in the sugar sector. The sugar price further declined to MUR 8,800 per tonne for 2018 from MUR 11,000 last year. Despite accompanying measures in respect of financial support from the SIFB and an upward adjustment of revenue from bagasse, the Group's revenue was adversely impacted from MUR 262 million in the previous year to MUR 219 million. The decrease in operating expenses from MUR 374.5 million to MUR 305.8 million, was mainly due to a lower impairment of biological assets pertaining to its sugar activity.

Financial Performance (continued)

After booking other income, derived mainly from sale of land, of MUR 35.6 million (2017: MUR 8.7 million) and finance costs of MUR 8.9 million (2017: MUR 6.2 million), loss from ordinary activities was MUR 30.2 million (2017: Profit of MUR 108.9 million). Share of results from associates stood at MUR 29.5 million (2017: MUR 0.7 million). Loss for the year, after accounting for taxation, was MUR 22.3 million compared to MUR 117.4 million last year.

Key Financial Results and Ratios

GROUP		31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Revenue	MUR'000	**219,262**	262,372	294,921	289,988	259,338
Operating and other expenses	MUR'000	**305,632**	374,544	312,301	333,478	327,418
Operating loss	MUR'000	**(86,370)**	(112,172)	(17,380)	(43,490)	(70,765)
(Loss)/profit after taxation	MUR'000	**(22,312)**	(117,373)	38,327	8,931	(15,473)
Total assets	MUR'000	**981,438**	867,420	936,512	908,287	910,017
Total equity	MUR'000	**387,216**	394,194	539,597	524,274	600,693
Total borrowings	MUR'000	**292,370**	146,498	95,303	77,235	28,885
Net assets per share	MUR	**80.67**	82.12	112.42	109.22	125.14
(Loss)/earnings per share	MUR	**(4.65)**	(24.45)	7.98	1.86	(3.22)
Dividend per share	MUR	**N/A**	4.50	4.50	4.50	4.50
Share price	MUR	**117.00**	121.00	100.50	100.00	136.00
Price–earnings ratio		**N/A**	N/A	12.59	53.76	N/A
Volume of shares traded		**641,926**	30,876	40,134	40,026	28,337

Non-sugar Activities

Diversification of our activities remains our priority to generate sustainable revenues to mitigate the impact of sugar market downturns. Broiler production, deer farming, pineapple production and cattle rearing are the main activities of our diversification program.

Real Estate

After experiencing much delay, a letter of intent was received from the relevant authorities for a development at Boulet Rouge. The development was well received by the market and infrastructural works will start shortly.

The construction of the first building located within the office park at Constance is nearing completion. The modern compound will provide an "agreeable" working environment. This development will be supplemented with another office which is currently being refurbished in accordance with the tenant's requirements.

In line with its masterplan for the area, the company is studying various other projects within the Centre de Flacq-Hermitage-Constance area, including a mix of retail extension project, residential and educational development.

Outlook

2019 growing season started very well with some unusual rainfall at the end of November 2018. Rainfall has afterward been below average although very well distributed. The cane looks healthy and, if rain is adequate during the months of April and May, a good harvest may be expected.

Report of the Directors
(continued)

Dividend

No dividend was declared in December 2018 (2017: MUR 4.50 per share).

Corporate Governance

The Board of Directors has the overall responsibility of ensuring that your Company complies with standards of good corporate governance and best international practice.

During the year under review, the Board assessed the requirements and provisions as specified in the National Code of Corporate Governance for Mauritius (2016) (the 'Code'). Various initiatives were undertaken to enhance further our corporate governance standards. The Corporate Governance Report is on page 5.

Code of Ethics and Conduct

Your Company is committed to the highest standards of integrity and ethical conduct in its dealings with all its stakeholders. It has adopted a Code of Ethics and Conduct, as well as a specific Code of Ethics and Conduct for Directors, which emphasise standards that have been part of the Company's unwritten daily code of behaviour and which goes beyond the requirements of law.

Acknowledgements

On behalf of the Board, we extend our gratitude to the Company's Management and staff for their dedication and commitment, in the face of the continuing challenges in the industry.

Approved by the Board of Directors and signed on its behalf on 29th March 2019.

George J. Dumbell
Chairman

Jean Ribet
Director
Constance Group Chief Executive Officer

1. STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity: Constance La Gaieté Company Limited
Reporting Period: 1st January 2018 to 31st December 2018

We, the Directors of Constance La Gaieté Company Limited, confirm to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance, except in the following areas:

Principles	Areas of Non-Application	Reason for Non-Application
Principle 3: Director's Appointment Procedures	Directors should be elected on a regular basis at the annual meeting of shareholders.	The Board does not favour the re-election of Directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. Furthermore, in accordance with its Constitution, not more than one third of the Directors in office retire at every Annual Meeting – the latter being eligible for re-election.
Principle 4: Duties, Remuneration and Performance of Director	**Board Evaluation and Development:** Evaluation of the Board by an external and independent facilitator.	A comprehensive Board evaluation exercise, led by the Chairman, is carried out every two years. The Board considers that the current evaluation process satisfies the Company's present requirements.
Principle 4: Duties, Remuneration and Performance of Director	**Remuneration:** Disclosure of details of remuneration paid to each individual Director.	Fees of Directors, paid per Director category, are disclosed. Remunerations, if applicable, are disclosed on an aggregate basis, given the commercially sensitive nature of the information.
Website Disclosures	No website disclosures.	The Company is working on the setting up of a website in 2019.

Signed by

George J. Dumbell
Chairman

Jean Ribet
Director
Constance Group Chief Executive Officer

29th March 2019

2. STATEMENT ON CORPORATE GOVERNANCE

In line with its Statement on Corporate Governance, Constance La Gaieté Company Limited is engaged in adhering to the National Code of Corporate Governance for Mauritius (2016), issued by the National Committee on Corporate Governance, and in upholding standards of corporate governance through company-wide awareness of its business ethics and the stewardship and supervision of its Management by the Board of Directors ("Board") and respective Committees.

The National Code of Corporate Governance for Mauritius (2016), effective from the financial year beginning 1st July 2017, moves towards an "Apply and Explain" basis with eight core principles. The Board acknowledges that the Company has, throughout the year ended 31 December 2018, complied with all the requirements of the National Code of Corporate Governance for Mauritius (2016), as described by the Corporate Governance Report of the Company, except for areas mentioned on page 5 on this Annual Report.

3. GOVERNANCE STRUCTURE

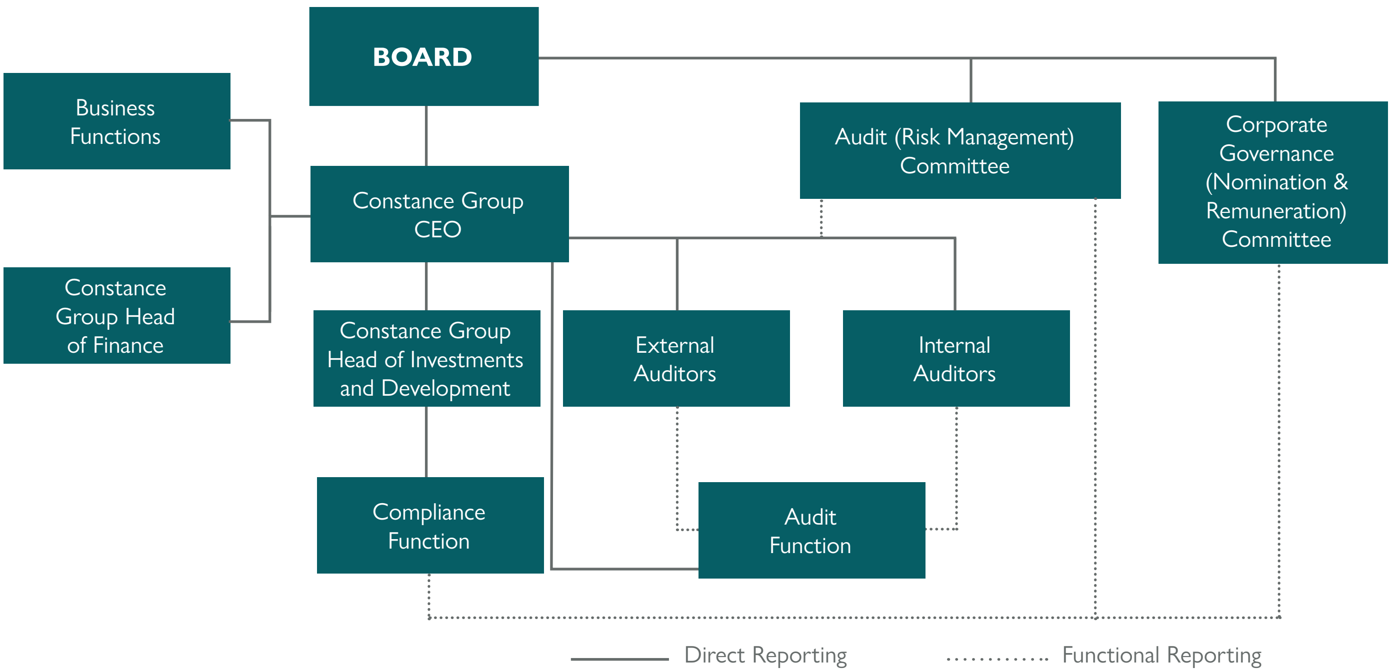
3.1 Company Constitution

There are no clauses of the Company's Constitution deemed material enough for special disclosure.

3.2 Governance Framework

The Company is a Public Interest Entity as defined by the Financial Reporting Act 2004. The Board is ultimately responsible and accountable for leading and controlling the Company, in accordance with the terms of reference outlined in the Board Charter, and meeting all legal and regulatory requirements. The Board acts in the best interests of the Company and its business, whilst taking into consideration the interests of the Company's shareholders and other stakeholders.

Organisational Chart



The following documents have been approved by the Board:

- Board of Directors Charter
- Committee Charters
- Codes and Policies
- Organisational Chart
- Statement of Major Accountabilities
- Position Statements of the Key Senior Governance Positions
- Job Descriptions

3.3 The Board

Board Structure

The Board structure, underpinned by related Charters, Policies and Codes, consists of the Board of Directors, the chairpersons of the following Board Committees: the Audit (Risk Management) Committee, the Corporate Governance (Nomination & Remuneration) Committee, and the Company Secretary.

Key Responsibilities of the Board

The Board's key responsibilities include, inter alia, the following:

- Assuming responsibility for leading and controlling the organisation;
- Assuming responsibility for the Company's overall governance practices and risk governance framework;
- Determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives;
- Assuming responsibility for the preparation of accounts that fairly present the state of affairs of the Company;
- Determining and approving the Company's objectives, strategy and values and monitoring implementation and performance thereof;
- Reviewing and approving financial and non-financial plans including but not limited to annual budgets and performance against them;
- Overseeing the Information, Information Technology (IT) and Information Security Governance within the Company and ensuring that the performance of the information and IT systems leads to business benefits and creates value;
- Ensuring the establishment of an appropriate system of corporate governance, risk management, internal control; of appropriate policies, charters, codes and compliance with laws and regulations, and ensuring the ongoing monitoring of exceptions deriving therefrom;
- Approving acquisitions and disposals of assets;
- Assuming responsibility for the appointment of Directors to the Board and Board Committees;
- Assuming responsibility for the induction of new Directors to the Board;
- Approving the job description of Key Senior Governance Positions;
- Appointing and monitoring the performance of Senior Management and Key Senior Governance Positions and establishing a clearly-defined structure for delegation of authority and succession;
- Assuming responsibility for succession planning;
- Disclosing, stating, explaining and affirming, in the Annual Report, the Company's compliance, or otherwise, with the National Code of Corporate Governance for Mauritius (2016) in respect of each of its eight Principles.

3.3 The Board (continued)

The Board has delegated certain of its powers to two Board Committees and various Executives, in accordance with a number of enactments, notably the Companies Act 2001, Rules of the Stock Exchange of Mauritius, the National Code of Corporate Governance for Mauritius (2016) and Company Policies, which are outlined in the Company's Charters and Delegation of Powers by the Board.

Types of Directorship

Our team of Directors is a strong source of internal and external knowledge, experience, advice and judgement. The Company has a mix of Executive, Non-Executive and Independent directors.

Board Size and Composition

The Company's Articles of Association stipulates that the Board shall consist of not less than eight Directors and not more than eleven Directors. Board members must be duly qualified, as specified in the Companies Act and related Regulations, Charters and Policies. In addition, the National Code of Corporate Governance recommends that a Board should have at least two Independent Directors and two Executive Directors.

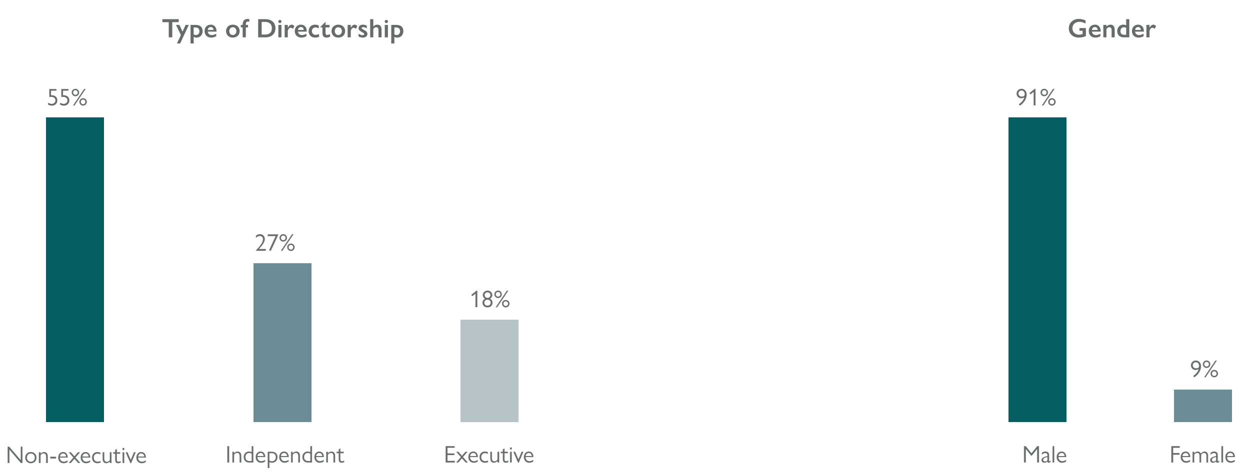
The Company is managed by a unitary Board. At year end, the Board consisted of three Independent, six Non-Executive, including one female Director and two Executive Directors. The Chairman is an Independent Director.

Considering the nature of the Company's operations, the Board considers that its current size and composition provides the right balance of skills, professional and sectoral know-how and experience, as well as the required independence for maintaining focus and enabling effective decision-making.

The current Board composition satisfies the needs of the Board and its Committees, given their responsibilities and the actual development phase of the Company. It also ensures that the workload is appropriately shared and enables optimum communication and interaction among the Directors.

Detailed information about the Company's Directors and Secretary can be consulted on pages 14 to 17.

Board Composition by Type of Directorship and Gender



3.3 The Board (continued)

Independence of the Chairman and Independent Directors

The Board is of the opinion that term limits are a blunt tool and that, without flexibility, they eliminate both effective and non-effective Directors. The Board, therefore, believes that it must retain discretion to preserve vital institutional memory of its high-performing and contributing members, and, therefore, does not stipulate limitations on the consecutive directorship terms of its Independent Directors, including that of its Chairman.

The Board is also of the opinion that the current Chairman and other Independent Directors continue to exercise totally independent judgement in the discharge of their respective responsibilities as Independent Directors; and that there are no relationships and circumstances that have affected or appear to have affected their judgement during the year under review. Neither the current Chairman nor the other Independent Directors have any material pecuniary relationship with the Company nor were, or are, promoters of the Company or its Holding, Subsidiaries or Associate Companies. In addition, they are independent in character and bring considerable skills, know-how, expertise and stability to the Company, which the Board considers key and essential, at the present stage of the Company's development phase, to ensure its continued and steady growth and success. These Directors play a critical role in improving corporate credibility, governance standards, risk management and acting as independent watchdogs.

3.4 Statement of Major Accountabilities

Separation of Roles and Responsibilities

There is a clear separation of responsibilities between the Chairman of the Board and the Constance Group Chief Executive Officer ("Constance Group CEO"). The Chairman has the overall responsibility to lead and ensure the effectiveness of the Board, which considers and approves the Company's overall strategy, policies, codes and charters and financial objectives. The Constance Group CEO is responsible for managing and leading the business of the Company and for implementing the strategy and policies defined by the Board.

Chairman

The Chairman has the responsibility to ensure the smooth and efficient functioning of the Board and its Committees, to see to it that corporate governance matters are dealt with, to represent the Group externally and, particularly, to communicate with shareholders at their Annual Meeting. Working closely with the Constance Group CEO, the Constance Group Head of Investments and Development and the Company Secretary, the Chairman also ensures that new Directors receive a full and formal induction to the Group and its businesses, and that all Directors are kept fully informed of relevant matters.

Constance Group CEO

The Constance Group CEO has the responsibility to make recommendations to the Board and to achieve the Company's strategic objectives. He is responsible for providing direction to the executive team of the Company. He works closely with the Chief Operations Officer, Constance Group Head of Investments and Development and Constance Group Head of Finance.

Other Key Senior Governance Positions

Apart from the position of Constance Group CEO, Constance Group Head of Investments & Development, Constance Group Head of Finance, the Board has clearly identified the following other Key Senior Governance Positions within the Company: Chief Operations Officer and Risk and Compliance function. The job descriptions for these positions have been approved and are monitored and reviewed on a yearly basis by the Board.

3.4 Statement of Major Accountabilities (continued)

Directors

The Directors of the Company observe and foster high ethical standards and a strong ethical culture in the organisation, and are fully aware of their general and specific responsibilities and legal duties (refer to 5.1).

Company Secretary

The Company Secretary, supported by the Company's Secretariat, acts as a vital bridge between the Board and Senior Management. In effect, the Company Secretariat ensures good information flow to the Board and its Committees and between Senior Management and the Directors. The Company Secretariat facilitates the induction of Directors and assists them in fulfilling their duties and responsibilities. It has full access to the Directors and all Directors have access to its advice and services.

Through the Chairman, it is responsible for advising the Board on corporate governance matters and for keeping the Board up to date on all legal, regulatory and other developments. In addition, it ensures effective communication with shareholders and provides assurance that shareholders' interests are duly taken care of.

The function of the Company Secretary is outsourced to La Gaieté Services Ltd, represented by Mrs Marie-Anne Adam and Mr Yan Béchard. Both are associate members of the Institute of Chartered Secretaries and Administrators (ICSA) and, as such, are qualified to act as Company Secretary.

3.5 Committees of the Board

Constitution of Board Committees

Two Board Committees have been constituted to assist the Directors in the discharge of their duties. Each Committee has written terms of reference incorporated in a Charter, which has been approved by the Board and is subject to regular review as dictated by changes in regulations and the Company's environment. Chairpersons of Committees are invited to report during each Board meeting on matters addressed by their respective Committees.

Committees			
Audit (Risk Management)		Corporate Governance (Nomination & Remuneration)	
Member	Directorship Type	Member	Directorship Type
Georgina ROGERS	Non-Executive, Chairperson	George J. DUMBELL	Independent, Chairman
Jean JUPPIN DE FONDAUMIÈRE	Independent	Marc FREISMUTH	Independent
Noël Adolphe VALLET	Non-Executive	Jean RIBET	Executive

Audit (Risk Management) Committee

The Audit (Risk Management) Committee, which also has responsibility for the Company's Risk Management function, consisted of three Directors (one Independent and two Non-Executive) during the year under review. All members of the Committee are financially literate and have relevant knowledge of IFRS and regulatory requirements, risk management and industry expertise. The profiles of members of the Audit (Risk Management) Committee are disclosed on pages 15 to17.

3.5 Committees of the Board (continued)

Audit (Risk Management) Committee (continued)

The Committee, which is scheduled to meet at least four times a year, operates within the scope of its Charter. Its principal functions are to ensure the integrity of the financial statements, oversee the financial-reporting process, and to direct, evaluate and monitor the risk management function, taking into consideration the Company's strategic, financial, operational and compliance risks, with the support of the Internal and External Auditors. The Internal and External Auditors have unrestricted access to the Audit (Risk Management) Committee.

The Committee reports to the Board at each Board meeting. The Constance Group CEO, the Constance Group Head of Finance and the Compliance function, as well as the Internal and External Auditors, attend Committee meetings on invitation.

During the year under review, the Committee met on four occasions. Principal matters, including significant issues related to financial statements, considered by the Committee in 2018 were defined as follows, and implemented:

i. Review and recommend to the Board the 2017 Audited Financial Statements, the Annual Report and Management Letter, the 2018 Forecasts, 2018 Unaudited Quarterly Financial Statements and Quarterly Abridged Financial Statements for publication;
ii. Review and assess the completed reports of the Internal Auditors;
iii. Approve the re-appointment, remuneration and terms of engagement of the External Auditors;
iv. Assess and monitor the Company's underlying risk profile, notably its strategic, financial, operational and compliance risks;
v. Review and assess the Company's compliance with the Data Protection Act;
vi. Assess the efficiency, effectiveness and independence of the Internal and External Auditors and
vii. Implement and monitor the reporting process to the Board on Conflict of Interests/Related Party Transactions Policy.

During the course of the year under review, the Board delegated the responsibility for the Governance of the Company's Information Strategy, Information Technology and Information Security to the Audit (Risk Management) Committee which, in turn, ensures that the proper IT strategy, policies, practices and controls are implemented throughout the Company, in accordance with the applicable regulatory requirements and international best practices. Regarding significant IT expenditures, Management establishes their relevance and submits proposals to the Committee, which assesses and makes recommendations to the Board for approval. A post-implementation monitoring is carried out by the same Committee.

Corporate Governance (Nomination & Remuneration) Committee

The Corporate Governance Committee, which also has the responsibility for the Nomination & Remuneration function, consists of three Directors (two Independent and one Executive). All its members have a comprehensive knowledge of the National Code of Corporate Governance for Mauritius (2016), the Company's Charters, Policies and Codes, as well as international best practices, relevant laws and regulations, executive development tools, long and short-term incentive models, remuneration strategies, compounded with industry experience. The Committee operates within the scope of its Charter. Its principal functions are to direct and monitor the Company's corporate governance and compliance programmes as well as matters pertaining to nominations and the performance and remuneration of Directors and Senior Executives. It directs and monitors Board matters pertaining, inter-alia, to Board composition and nominations, the performance and remuneration of Directors and Senior Executives, and succession planning. The Compliance and Company Secretarial functions ensure that Directors are updated on relevant laws, regulations, guidelines and listing requirements. The Committee reports to the Board at each Board meeting. The Constance Group CEO is a member of the Committee.

3.5 Committees of the Board (continued)

Corporate Governance (Nomination & Remuneration) Committee

During the year under review, the Committee met on four occasions. Its broad tasks were defined as follows, and implemented:

Corporate Governance

i. Review the Company's Annual Report for 2017, with focus on Corporate Governance, Sustainability and Corporate Social Responsibility Reports and Statutory Disclosures;

ii. Approve the Group Corporate Social Responsibility Plan for 2018 under the banner of 'Fondation Constance' and monitor its progress;

iii. Review Compliance and Health & Safety Management Structure;

iv. Review and approve new policies, codes and charters;

v. Oversee the implementation of GDPR and DPA 2017 and

vi. Review the Letters from the Financial Reporting Council in respect of the Company's 2017 Annual Report, and pertaining to corporate governance aspects.

A Steering Committee was established early in the year to review the implications of the National Code of Corporate Governance for Mauritius (2016) and, in conjunction with an outside Consultant, drive forward the implementation of the Code. During the year, the Steering Committee met on five occasions. Principal matters covered:

1. Detailed Gap analysis;
2. Review of Policies, Charters and Codes;
3. Review of requirements pertaining to:
    a. Occurrences where Board approval must be sought;
    b. Affirmation and Statements to be made by directors;
    c. Annual Report disclosures;
    d. Non-compliance issues;
4. Presentation and recommendations to the Board on the foregoing and on draft Annual Report.

Nomination & Remuneration

i. Evaluate nominees for the annual re-election of Directors as well as propose new nominations and make recommendations to the Board;

ii. Ongoing review of the Board's composition and present recommendations to the Board;

iii. Implement the Action Plan for improving board and committee performance;

iv. Approve the performance awards for 2018;

v. Review the adequacy of the form and adequacy of the remuneration of Director;.

vi. Approve the remuneration of Senior Executives for 2019;

vii. Review the Senior Executive HR Development Programme and

viii. Enhance and monitor the Directors' and Senior Officers' Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Party;

3.5 Committees of the Board (continued)

Corporate Governance (Nomination & Remuneration) Committee (continued)

Nomination & Remuneration (continued)

ix. Ongoing review of the Company's Pension Scheme;

x. Ongoing review of the Succession Planning Model;

xi. Establish Board and Committee Meeting dates for 2019;

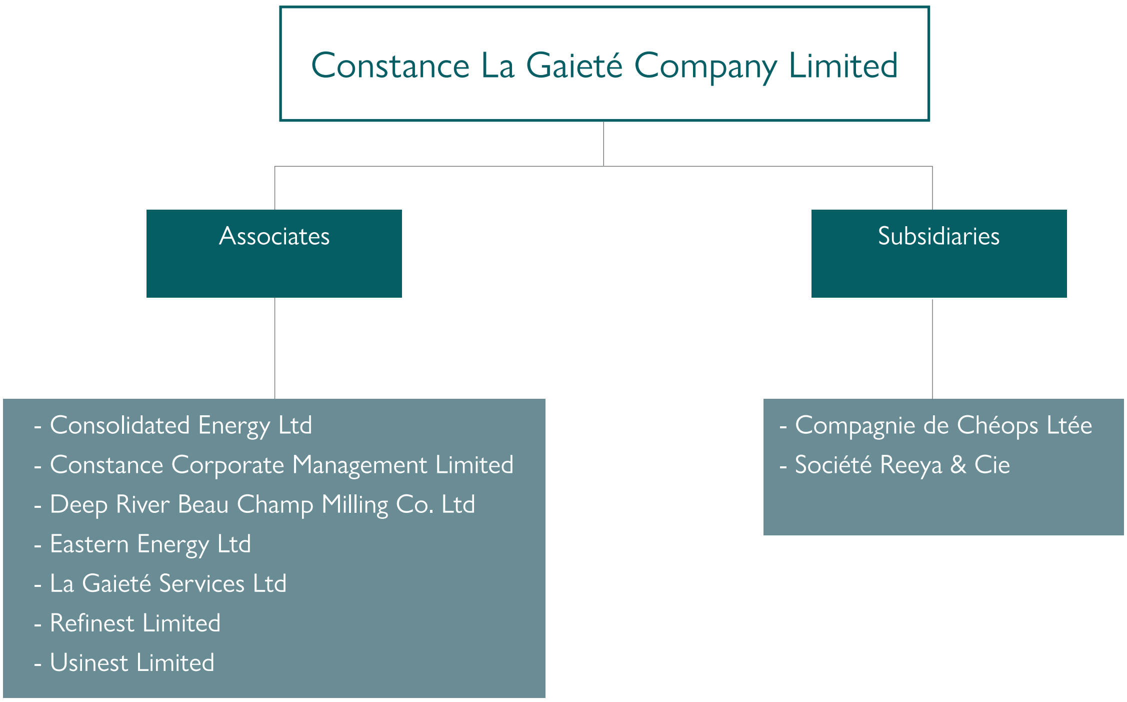
xii. Review the Directors' and Officers' Liability Insurance;

xiii. Approve the listing of Key Senior Governance positions;

xiv. Review the Directors Development Programme;

xv. Approve the reorganisation of Senior Executive Office Structure.

3.6 Corporate Structure
(As at 31st December 2018)



3.7 Corporate Information

Directors

Name	Country of Residence	Board Appointment	Committee Assignment
George J. DUMBELL	Mauritius	Independent Chairman	Chairman of Corporate Governance (Nomination & Remuneration)
Nicolas BOULLÉ	Mauritius	Non-executive	
Patrick DE LABAUVE D'ARIFAT (Up to 9th January 2019)	Mauritius	Non-executive	
Marc FREISMUTH	Mauritius	Independent	Member of Corporate Governance (Nomination & Remuneration)
Jean JUPPIN DE FONDAUMIÈRE	Mauritius	Independent	Member of Audit (Risk Management)
Clément D. REY	Mauritius	Executive	
Maxime REY	Mauritius	Non-executive	
Jean RIBET	Mauritius	Executive	Member of Corporate Governance (Nomination & Remuneration)
Georgina ROGERS	Mauritius	Non-executive	Chairperson of Audit (Risk Management)
Jean-Jacques VALLET	Mauritius	Non-executive	
Noël Adolphe VALLET	Mauritius	Non-executive	Member of Audit (Risk Management)

Committees of the Board

Audit (Risk Management) Committee
Corporate Governance (Nomination & Remuneration) Committee

Please refer to Section 3.5 for composition.

Management Team – Constance Corporate Management Limited

Jean RIBET – *Constance Group Chief Executive Officer*

Clément D. REY – *Constance Group Head of Investments and Development*

Kevin CHAN TOO – *Constance Group Head of Finance*

Registered Office

5th Floor, Labama House,
35 Sir William Newton Street,
Port Louis

Secretaries

La Gaieté Services Ltd
5th Floor, Labama House,
35 Sir William Newton Street,
Port Louis

Represented by:
Mrs Marie-Anne Adam, ACIS and Mr Yan Béchard, ACIS

Auditors

External
BDO & Co.
Chartered Accountants
10 Frère Félix de Valois Street,
Port Louis
Partner: Mrs Ameenah Ramdin, FCCA, ACA

Internal
PricewaterhouseCoopers
Chartered Accountants
PwC Centre,
Avenue de Telfair,
Telfair 80829,
Moka
Represented by: Mr Julien Tyack

Share Registry and Transfer Office

ECS Secretaries Ltd
3rd Floor, Labama House,
35 Sir William Newton Street,
Port Louis

Bankers

The Mauritius Commercial Bank Ltd
Barclays Bank plc
State Bank of Mauritius Ltd

3.8 Profile of Directors and Senior Officers

For practical reasons, the Board decided to report only directorships of Directors in Companies listed on the official market of the SEM. Entities are disclosed in the respective profile of each Director. The full directorship list of each Director is filed with the Registrar of Companies each year, with the Annual Return of the Company.

Directors

George J. Dumbell

Independent Director and Chairman (Age: 70)

Appointed Director in December 2005 and Chairman in January 2006.

Qualifications

- Associate Chartered Institute of Bankers (UK).
- Fellow and Founding Director of the Mauritius Institute of Directors and member of its Directors' Forum.
- Former Director of several financial institutions in Asia and Europe, and listed finance and agricultural companies in Mauritius.

Experience and Skills

- Over 50 years' financial and commercial experience, including 34 years in various senior management positions within the HSBC Group across the globe.
- 2 1/2 years of commercial, industrial, project management and political experience as Deputy Secretary General and Managing Director of EuroChambres, Association of European Chambers of Commerce and Industry, headquartered in Belgium and representing over 14 million companies throughout Western, Central and Eastern Europe.
- 2 years in the fields of Corporate Governance and Risk Management with MCB Ltd.
- 13 years of experience in the agricultural sector.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd

Nicolas Boullé

Non-Executive Director (Age: 59)

Appointed in January 2014.

Qualifications

- Qualified Notary

Experience and Skills

- 28 years' experience as a notary.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd

Marc Freismuth

Independent Director (Age: 67)

Appointed in June 2016.

Qualifications

- MPhil Degree in Economics from Paris-Sorbonne University (France)
- 'Agrégation' in Economics and Management.

Experience and Skills

- Lecturer at the University of Montpellier (France) until July 1988.
- Lecturer at the University of Mauritius in the field of Management and Finance until July 1994.
- Lecturer in Hospitality Management at the University of La Réunion from 2000 to 2005.
- Participated in the setting-up of the Stock Exchange of Mauritius as a consultant to the Stock Exchange Commission and as a member of the Listing Committee.
- Currently works as a private consultant in Management and Finance.
- Fellow member of the Mauritius Institute of Directors.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- The United Basalt Products Ltd

3.8 Profile of Directors and Senior Officers
(continued)

Directors (continued)

Jean Juppin de Fondaumière

Independent Director (Age: 65)

Appointed in March 2007.

Qualifications

- Qualified Chartered Accountant, Edinburgh (UK).

Experience and Skills

- 12 years' experience in various managerial positions in Audit and Merchant Banking.
- Retired as Chief Executive of the Swan Group on 31st December 2006, after 15 years with the Group.
- Past Chairman of the Stock Exchange of Mauritius and a member of several Audit and Corporate-Governance committees.
- Currently a director of several companies, involved in various economic activities, from agriculture and commerce to finance and tourism, in Mauritius and in the region.

No directorship in other companies listed on the official market of the Stock Exchange of Mauritius Ltd.

Clément D. Rey

Executive Director and Constance Group Head of Investments and Development (Age: 49)

Appointed in September 2003.

Qualifications

- Bachelor's degree in Business Law from the UK
- Master's degree in Business Law from the UK

Experience and Skills

- Held the position of Head of Corporate Affairs within Ciel Group.
- Currently actively involved in investments and corporate transactions relating to the member companies of the Constance Group.
- Director of several companies in the commercial and financial sectors and a member of various board committees.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd

Maxime Rey

Non-executive Director (Age: 66)

Appointed in April 2014.

Qualifications

- Qualified Accountant

Experience and Skills

- Extensive experience in the insurance sector.
- Chief Finance Officer for more than twenty years at SWAN, the leading Mauritian insurance company and until his retirement in 2016.
- Group Financial Director for thirteen years at Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- IBL Ltd
- Lux Island Resorts Ltd

Jean Ribet

Executive Director and Constance Group Chief Executive Officer (Age: 59)

Appointed Director in March 2007 and Constance Group Chief Executive Officer in 2004.

Qualifications

- Bachelor of Commerce from the University of Cape Town.
- Member of the South African Institute of Chartered Accountants.

Experience and Skills

- Joined the Constance Group as Group Financial Controller in 1991.
- 14 years' experience as Group Chief Executive Officer within the Constance Group.
- Bears the overall responsibility for the agro-industrial, tourism and investment activities of the Constance Group.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- IBL Ltd

Georgina Rogers

Non-Executive Director and Chairperson of the Audit (Risk Management) Committee (Age: 56)

Appointed in March 2007.

Qualifications

- Bachelor of Commerce from the University of Natal (South Africa).

Experience and Skills

- Practised as an accountant until 1995.
- Currently involved in the development of real-estate projects.
- Director of several companies in the commercial sector and a member of various board committees.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd

Jean-Jacques Vallet

Non-Executive Director (Age: 50)

Appointed in December 2004.

Qualifications

- Maîtrise en Science et Gestion (MSG)
- Postgraduate degree (DESS) in Management Science, Logistical Operations and Industrial Management, from France
- Advanced Management Program, from Cornell University, New York.

Experience and Skills

- Responsible for the overall planning, direction and control of the operations, resources and administration of Constance Hotels, Resorts & Golf Group.
- Four years' Presidency of the Association of Hotels and Restaurants in Mauritius (AHRIM) for the periods 2003-2004 and 2011-2012.

No directorship in other companies listed on the official market of the Stock Exchange of Mauritius Ltd.

Noël Adolphe Vallet

Non-Executive Director (Age: 53)

Appointed in June 1997.

Qualifications

- Management from South Africa

Experience and Skills

- 2 years' experience as Manager at Fleurs des Tropiques Exports Ltée.
- Project Manager responsible for setting up Mauritius' sugar museum, L'Aventure du Sucre.
- Currently runs his own business in the events industry as Managing Director of Bedouin Tents and Rocket Fireworks.
- Chairman of Compagnie du Mapou Ltée.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

- BMH Ltd

3.8 Profile of Directors and Senior Officers
(continued)

Senior Officers

Kevin Chan Too

Constance Group Head of Finance (Age: 41)

Qualifications

- Fellow of the Association of Chartered Certified Accountants

Experience and Skills

- Currently responsible for the finance, accounting, treasury and internal control functions of the Constance Group.
- Prior to joining the Constance Group, held various finance and accounting positions in listed companies within the property, finance and investments sectors.

Didier Langlois

Chief Operations Officer (Age: 53)

Qualifications

- Bachelor of Science – Zoology & Botany from University of Cape Town, South Africa.
- Post Graduate Diploma in Fisheries Science and Aquaculture, Rhodes University, South Africa.
- Landscaping & Amenity Horticulture, University of Mauritius.

Experience and Skills

- 3 years' experience in Fish Farming (From 1988 to 1991) in South Africa and Mauritius.
- 14 years' experience in Agricultural sector.
- Conversant with the exportation of horticultural crops.
- 12 years' experience in Land and Property Management.
- Chief Operations Officer since March 2019.

4. APPOINTMENT PROCEDURES FOR DIRECTORS

4.1 Merit and Diversity

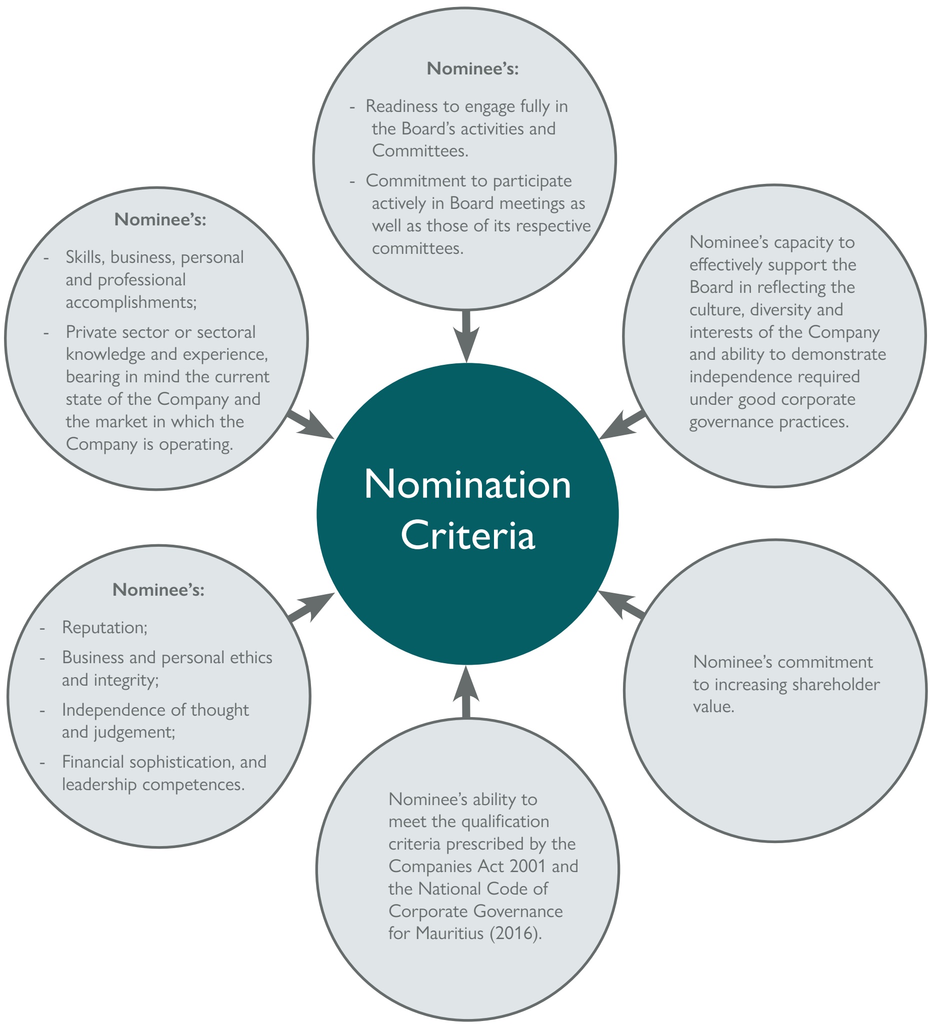
All Directors must possess knowledge, capabilities and experience which can benefit the Company's business operations. The Nomination and Remuneration Committee considers the qualifications of the candidates through transparent pre-selection procedures, as mandated in its Charter, and proposes the nominations to the Board for subsequent validation by shareholders at the next Annual Shareholders' Meeting.

All Directors' profiles are disclosed in the Annual Report and reflect the diverse skill mix of the Board, including industry knowledge, accounting and finance, management, international business, business strategy, crisis management, corporate governance and law.

4.2 Nomination Process and Criteria

Prior to nominating a Director, the Board specifies the required qualifications for the Director, taking into consideration the current composition and skill mix of the Board and the Company's business strategy, going forward.

The process for identifying and selecting director candidate is undertaken by the Nomination and Remuneration Committee. The criteria considered are as follows:



4.2 Nomination Process and Criteria (continued)

In case of current Directors being considered for re-nomination, the Nomination Committee will also take into consideration the Director's history of attendance at Board and Committee meetings, the Director's tenure as a member of the Board, the Director's preparation for and contribution to decision-making at meetings and the outcome of respective past Board assessments.

Board candidates may be identified from four principal sources:

- The Board's network of contacts, including current members of the Board, Senior Executives of the Company, the Company's advisers and, if it is deemed appropriate, a professional recruitment firm.
- The nomination of candidates, in accordance with an existing 'Protocole d'Accord', under which parties to this Protocol have the right to nominate a specific number of Directors to the Board.
- The nomination of candidates by virtue of the Companies Act 2001, which calls for a Special Meeting of Shareholders to be held on the written request of shareholders holding together not less than 5 per cent of the voting rights, and entitled to exercise these on the appointment of a Director.
- The Directors' Register of the Mauritius Institute of Directors.

4.3 Induction Programme

The Company has a comprehensive and elaborate Induction Programme for its newly-appointed Directors which comprises the following:

- **Induction Pack** which includes the profile of the Board of Directors, corporate profile, organisational structure, Board Committee Charters, key corporate policies, annual reports, latest financial statements.
- **Induction Meetings** with the Chairman of the Board, the Chairpersons of the Audit (Risk Management), Corporate Governance (Nomination & Remuneration) Committees, and Senior Management.
- **Briefings** with the Chairman of the Board, Senior Management and the Company Secretary to cover responsibilities and legal obligations of Directors, the Company's business, business plan and ongoing issues, corporate strategy, industry review, stakeholders, corporate governance and regulatory matters, model code for transaction of securities.
- **Site Visits** of the Company's properties and facilities.
- **Visit to the Company Secretariat** to review minutes of recent Board meetings, minutes of recent Committee meetings, the Company's Constitution, the Companies Act and relevant legislations in the jurisdictions in which the Company operates, the DEM listing rules, the National Code of Corporate Governance for Mauritius (2016), and the latest Board evaluation report.

4.4 Terms of Service of Directors and Re-election

The Board does not favour the re-election of Directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. The terms of service of Directors is in accordance with the Company's Constitution (Article 21.2), as approved by Shareholders at the 2012 Annual Shareholders' Meeting, whereby, at every Annual Shareholders' Meeting, one-third of Directors (or the number nearest to one-third) shall retire from office and be eligible for re-election. An assessment of the performance of each retiring Director, who makes himself/herself available for re-election is conducted by the Nomination & Remuneration Committee, which submits its recommendations to the Board. In turn, the Board puts forward its appropriate nominations to the shareholders for their approval.

The Company has not set a maximum term of service for Directors to ensure continued stability and effective work.

4.4 Terms of Service of Directors and Re-election (continued)

For a similar reason, there is no term limit for the Company's Board Committees. However, members are appointed for an initial term of three years, with further renewals for subsequent periods of three years considered, subject to favourable reviews by the Nomination & Remuneration Committee and approval by the Board.

4.5 Directors' Professional Development

The Board recognises the importance of the continual development of the knowledge and capabilities of its Directors to sustain an effective, well-informed and functional Board. The Board approves, encourages and supports Directors' professional development by facilitating their membership to relevant professional organisations, attendance of relevant seminars and knowledge-sharing programmes. In this connection, the Board reviews the professional development and ongoing education of Directors every two years.

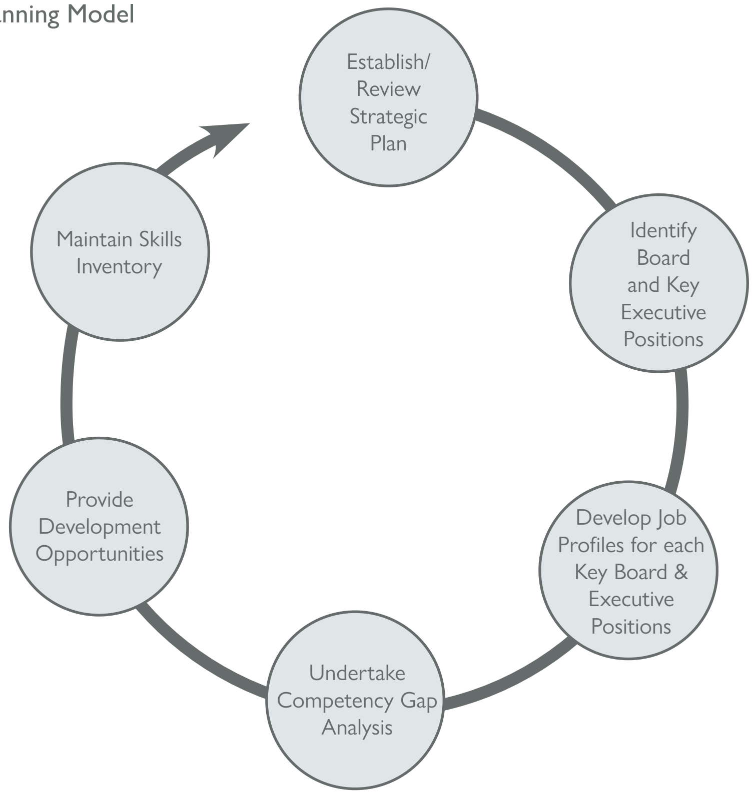
During the financial year under review, some Directors and Senior Officers received training dispensed by local institutions on, inter alia, new regulatory and industry development matters.

4.6 Succession Plan

The Company has a suitable Succession Planning Model (SPM), given its scale and level of sophistication. The SPM identifies the necessary competences within the Board and Senior Management positions and set a clear and systematic process towards the assessment, development and retention of a talent pool of Directors and Key Senior Executives with a view to securing a continuity of leadership for all critical positions and, consequently, ensuring that current and projected business strategies are fully and effectively deployed.

The SPM is reviewed and updated on a continuous basis by the Nomination & Remuneration Committee, in conjunction with the Chairman, and in response to the ongoing demands of the Company, with the Board being kept informed of developments.

The Succession Planning Model



5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

5.1 Duties of Directors

All Directors are aware of their legal duties as outlined in the Board Charter, the Code of Ethics and Conduct for Directors and other related documents handed to them on appointment and during their induction.

In dealing with the affairs of the Company, the Directors of the Company act with propriety. They accordingly:

i. do not exceed their jurisdiction;

ii. act in good faith and in the best interest of the Company;

iii. exercise the degree of care, diligence and skill which a "reasonably prudent person would exercise in comparable circumstances";

iv. are accountable to the Company for any monetary gain in respect of their fiduciary capacity as Director;

v. do not make use of any confidential information acquired by way of their position as Directors of the Company - unless authorised by the Company; do not compete with the company;

vi. do not use the assets of the Company for any illegal purpose;

vii. declare any direct or indirect interests at the meeting of Directors of the Company, to be duly recorded by the Secretary of the Company;

viii. transfer or hold as trustee, until transferred, all cash or assets acquired on behalf of the Company;

ix. attend meetings of the Board of the Company with reasonable regularity and

x. keep proper accounting records and make such records available for inspection.

5. 2 Limitation on the Number of Company Directorships

Non-Executive and Executive Directors are not encouraged to hold multiple directorships to ensure that they allocate sufficient time to prepare and attend the Company's Board meetings and, consequently, to monitor the Company's performance and operations effectively.

5.3 Board Meetings

Board meetings are scheduled a year in advance and duly notified to all Directors at the beginning of each financial year.

The agenda for each board meeting is set by the Chairman, in conjunction with the Company Secretary, and with input from the Constance Group CEO. The Company Secretary sends Board notices with supporting documents allowing adequate preparation to all Directors before each meeting.

During Board meetings, the Chairman of the Board ensures that appropriate time is allocated to Directors to ask questions, review and discuss all relevant financial, governance and other information and data, and to follow up on the implementation of the Company's strategies. Written minutes are taken by the Company Secretary, subsequently approved by the Board, and filed.

5.4 Report of Interests of Directors and Designated Management

In line with the Company's policies on Conflict of Interests and Related-Party Transactions, and Share Dealing, the Company's Directors, designated Management and related persons, are required to report in writing to the Company on their vested interests. This information is collected by the Company Secretary, who then duly updates the Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Parties.

5.4 Report of Interests of Directors and Designated Management (continued)

During the year, Directors are given the opportunity to disclose any new Conflict of Interests & Related-Party Transactions and share dealings: the first agenda item at every board meeting calls for these disclosures.

The Audit (Risk Management) Committee has been delegated to work with the Auditors to detect and review any Conflict of Interests, and Related-Party Transactions and to report quarterly to the Board on Related-Party Transactions.

5.5 Directors' and Senior Officers' Interests and Dealings in Shares

The Company's Share Dealing Policy gives clear guidance on the practice to be followed when dealing in shares of the Company or of companies connected to the Company by business or common shareholding. All Directors, related parties and designated employees wishing to deal in the securities of the Company or any of its subsidiaries must comply with the statutory provisions concerning insider dealing in the Companies Act 2001 as well as the Securities Act 2005 and be aware of the Stock Exchange of Mauritius' Model Code for Securities Transactions by Directors and employees of Listed Companies. Furthermore, all are notified by the Company of the commencement and closure of non-trading periods.

The following transactions took place during the year under review:

Directors	No. of shares acquired directly	No. of shares acquired by Associate
Jean RIBET		120,529
Jean-Jacques VALLET		120,529
Noël Adolphe VALLET		185,647
Georgina ROGERS	33,503	

5.6 Directors' and Senior Officers' Share Interests

The interests of Directors and Senior Officers in the securities of the Company as at 31st December 2018 were as follows:

	Direct		Indirect
	No. of Shares	% Held	% Held
Directors			
George J. DUMBELL – Chairman	-	-	-
Nicolas BOULLÉ	-	-	-
Patrick DE LABAUVE D'ARIFAT	-	-	-
Marc FREISMUTH	-	-	-
Jean JUPPIN DE FONDAUMIÈRE	-	-	-
Clément D. REY	-	-	2.02
Maxime REY	-	-	-
Jean RIBET	-	-	4.08
Georgina ROGERS	85,342	1.78	-
Noël Adolphe VALLET	400	0.08	3.8
Jean-Jacques VALLET	46	0.00	4.08
Senior Officer			
Kevin CHAN TOO	1,300	0.03	-

5.6 Directors' and Senior Officers' Share Interests (continued)

The Company Secretary maintains a Register of Interests/Insiders' Share Dealings/Conflict of Interests and Related Parties in respect of all Directors and Senior Officers. This Register is kept up to date through verbal declarations made by Directors at each Board meeting, written submissions made by Senior Officers when appropriate, and written annual returns submitted by Directors and Senior Officers.

Any disclosure of conflict of interests is recorded in the Register of Interests which is available for inspection during normal office hours, upon written request made to the Company Secretary.

5.7 Common Directors

The names of common Directors of the subsidiary of the Company are:

Directors of Compagnie de Cheops Ltée

Messrs Clément D. Rey and Jean Ribet.

5.8 Directors' Remuneration

The Company's Nomination & Remuneration Committee is entrusted by the Board with the task of determining, and recommending to the board, the remuneration policy for Non-executive Directors and for Senior Executives of the Company, as per the principles outlined in the Company's Remuneration Policy.

Four key principles underpin this policy:

i. Remuneration must reflect the market in which the Company operates;
ii. Key performance indicators apply with respect to expected results delivery;
iii. Remuneration is linked to the creation of value to Shareholders and
iv. Remuneration rewards both financial and non-financial performance.

Regarding the Non-Executive Directors, every two years, the Nomination & Remuneration Committee reviews Directors' fees for the Board and Board Committees and makes appropriate recommendations to the Board, for ultimate consideration and approval by shareholders at their Annual Meeting. This exercise ensures that Directors' fees are in line with the market, appropriately reflect the responsibilities of the Directors, sufficiently motivate Directors to achieve the Company's objectives and to align their interests with the long-term interests of shareholders. Directors are reimbursed for unusual expenses associated with executing their duties.

For 2018, Directors' annual fees amounted to MUR 130,000 for the Chairman and MUR 80,000 for other Board Members. In addition, the annual fees for Members of Committees of the Board for 2018 were:

	Audit (Risk Management) Committee	Corporate Governance (Nomination & Remuneration) Committee
	MUR	MUR
Chairman	70,000	40,000
Member	50,000	30,000

5.8 Directors' Remuneration (continued)

For the Executive Directors, the Board has agreed that the emoluments of these Directors are not to be disclosed individually because of their commercially-sensitive nature and are thus disclosed in total. No Non-Executive Directors have received remuneration in the form of share options or bonuses associated with organisational performance.

Following a review of Directors' fees, the Board is recommending the undermentioned increases in fees, for shareholders' approval, for 2019:

Board	Proposed
	MUR
Chairman	150,000
Member	90,000

Furthermore, the Board has approved the following changes in fees for the Company's Board Committees for 2019:

	Audit (Risk Management)	Corporate Governance	Nomination & Remuneration
	MUR	MUR	MUR
Chairman	75,000	60,000	40,000
Member	55,000	40,000	30,000

5.9 Board Evaluation

Evaluation Criteria

Directors are invited to participate in a combined full Board evaluation and individual Director evaluation, which also covers the Company's Board Committees. This exercise is carried out every two years under the auspices of the Chairman and the Nomination and Remuneration Committee.

The full Board evaluation requires Directors to focus on the functioning of the Board as a whole, comprising, inter-alia, the Board's understanding of strategy, composition of the Board and the mix of skills, the structure and organisation of Board meetings and Committee meetings and other issues core to the execution of the Board's mandate. The Director's self-evaluation requires individual Directors to review their own Board performance, including how their skills contribute to the effectiveness of the Board, their commitment, aptitudes and other responsibilities. In addition, they, also, report on the Board's relationship with Management as well as on the performance of the Chairman of the Board.

Evaluation Methodology

The Board's evaluation process is undertaken by way of a written questionnaire, with pre-set ratings. Directors are required to answer a series of questions regarding either the functioning of the full Board or the Committees, or their own performance. The questionnaire provides a good baseline of information and offers much insight into issues for further discussion. It also contains open-ended questions, which offer Directors an opportunity to expand on certain crucial development issues. The results are evaluated and reviewed in detail by the Chairman and the Nomination & Remuneration Committee before presentation to the Board - with an action plan, comprising proposed

5.9 Board Evaluation (continued)

corrective measures to be taken for under-performing ratings - for open discussion. The Nomination & Remuneration Committee monitors and ensures that all the corrective measures for the under-performing ratings are addressed and implemented. In the event of any unfavourable personal issue having been raised by a Director, the Chairman will conduct a one-on-one interview with the Director concerned.

The Board considers that the current evaluation process satisfies the Company's present requirements and it does not see any merit in carrying out an Independent Evaluation. The last assessment was undertaken in 2017 and the results thereof met expectations.

5.10 Attendance at Board and Committee Meetings

	Board of Directors	Audit (Risk Management)	Corporate Governance (Nomination & Remuneration)
Number of meetings held in 2018	4	4	4
Meetings attended			
George J. DUMBELL	4		4
Nicolas BOULLÉ	4		
Patrick DE LABAUVE D'ARIFAT	-		
Marc FREISMUTH	4		4
Jean JUPPIN DE FONDAUMIÈRE	4	4	
Clément D. REY	4		
Maxime REY	3		
Jean RIBET	4		4
Georgina ROGERS	4	4	
Noël Adolphe VALLET	4	4	
Jean-Jacques VALLET	4		

6. RISK MANAGEMENT AND INTERNAL CONTROLS

6.1 Risk Management

Risk Management Framework

The Company constantly faces varied risks which may adversely impact its performance, financial conditions and overall ability to attain its strategic objectives. The Board, which is ultimately responsible for the sound management of these risks, ensures that the Company has continuously in place the appropriate risk management and internal control framework. In doing so, the Board has delegated to the Audit (Risk Management) Committee the responsibility to continually monitor, assess and review the risk management and internal control framework, in the light of the approved risk appetite, the changing nature and extent of the risks faced by the Company and the applicable laws and regulations, in order to ascertain that this framework is adequate and effective. The Board further acknowledges that risk management and internal control frameworks are designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. Such frameworks can only provide reasonable and not absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error or losses.

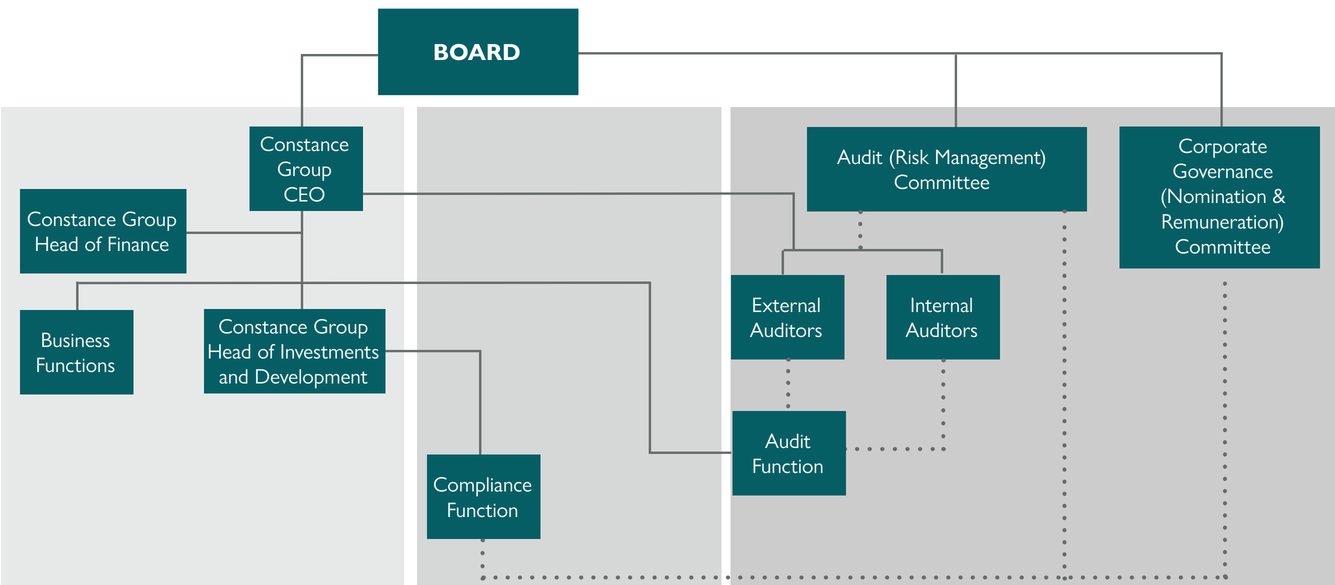
6.1 Risk Management (continued)

Risk Management Framework (continued)

The Company first established its Risk Management Programme in August 2006. In conducting the review of the effectiveness of risk management, the Board considers the key findings from ongoing monitoring and report processes, management assertions and independent assurance reports. During the year, the Board considered the Company's responsiveness to changes within its business environment and is accordingly satisfied that there is an ongoing process, which is functional.

The Risk Framework

The Company's risk framework, which extends across the Company's business, comprises a top-down approach to risk management, based on three lines of defence.



1st Line of Defence

Upon identification of risks, preventive and corrective measures are implemented within the set deadlines. Management ensures continuous compliance with all laws, codes, rules, regulations, procedures, policies and standards of good practice.

2nd Line of Defence

The Compliance function monitors the effectiveness of the established Risk Management Framework and processes, and provides the required risk management guidance and support.

3rd Line of Defence

Independent assurance about the adequacy and effectiveness of the Company's Risk Management Framework and processes is derived from the Internal Audit function, which is outsourced. External Auditors provide external assurance on matters pertaining, but not limited to, valuation and financial statements.

6.1 Risk Management (continued)

Risk Management Framework (continued)

Strategy, policies and risk appetite are approved by the Board, and their formulation, implementation, evaluation and monitoring are delegated to the Committees of the Board, Senior Management and the Internal and External Auditors.

Principal Risks and Mitigation Initiatives

The Company has implemented various policies and mitigation initiatives to effectively counter the principal risks to which it is exposed to, as elaborated in this Corporate Governance Report and in the following tables. The Company also has Directors' & Officers' Liabilities insurance cover.

Risk Mitigation Initiatives

Risks	Description	Mitigation Initiatives
Natural Disasters, Political, Economic and Financial Market Events	The Company's operations and financial results could be adversely affected by a wide array of events liable to bear direct or indirect consequences on the performance and production of its numerous activities.	• Adherence to and close supervision of strict standards, procedures and controls help mitigate some of these risks. • Changes in the macroeconomic environment are regularly assessed by Management and the Board to ensure that prompt decisions are taken to safeguard the value of the Company. • A comprehensive and appropriate insurance cover is also taken for sugar/non-sugar growing activities.
Reputation	Damage to the Company's reputation due to: • Employees not demonstrating the appropriate ethical values and behavioural attitudes. • Failure of the Company to sustain its appeal to its shareholders could adversely affect the market value and attractiveness of the Company.	• Enforcement of a strict ethical Code of Conduct and good corporate governance practices across the Group in accordance with the National Code of Corporate Governance for Mauritius. • Introduction of safety and security measures.
Social Responsibility and Sustainability	The reputation of the Company is influenced by a variety of factors, including its ability to demonstrate sufficiently responsible practices in such areas as sustainability, environmental management and support to the local community.	CSR programmes and initiatives are tailored to the needs of the community in the vicinity of the Company's operations. Regular review and reporting over the progress of the Group's CSR programmes and achievements are brought on a quarterly basis to the Board, through the Corporate Governance Committee.
Financial Management	The Company is exposed to a wide range of financial risks, namely currency risk, price risk, credit risk, liquidity risk, interest rate risk and capital risk. These risks are reported in detail in the Notes to the Financial Statements on pages 69 to 71.	• Sound management of costs and financial risks such as foreign exchange, liquidity, market risks, pricing policy. • Detailed budgets and projected cash flows are reviewed on a regular basis by the Audit (Risk Management) Committee and quarterly by the Board. • Other mitigation initiatives can be referred to on pages 69 to 71.
Credit Standing	The Company is reliant on having access to credit facilities to meet its capital requirements and manage its statement of financial position effectively.	To ensure prudent financial management the Company prepares detailed budgets and projected cash flows, which are reviewed on a regular basis by the Audit (Risk Management) Committee, and quarterly by the Board.

6.1 Risk Management (continued)

Principal Risks and Mitigation Initiatives (continued)

Risk Mitigation Initiatives (continued)

Risks	Description	Mitigation Initiatives
Technology and Systems & Information Governance	To varying degrees, the Company is reliant upon certain technologies and systems for the smooth and efficient running of its business. Disruption to these technologies or systems may adversely affect the Company's productivity, operating costs and efficiency.	• The Company has invested in preventive maintenance and holds a contract with its IT service provider that caters for the prompt restoration to normal service to minimize any adverse impact on the business. • The IT governance has been delegated to the Audit (Risk Management) committee which ensures that proper IT governance framework, policies, strategy and practices are implemented throughout the Company, in accordance with the applicable regulatory requirements and best practices. • The IT service provider regularly controls and upgrades the IT system in order to ensure its effectiveness and prevent any disruption. • Management ensures all staff comply with the Company's IT Code of Practice. • Independent audits of the IT systems are conducted on request by the Internal Auditors.
Health & Safety	All reasonable precautions are taken to provide and maintain the health and wellbeing of our employees. Controls are in place to ensure compliance with good practices, all statutory requirements and all legally binding codes of practice.	• Our employees are made aware of the risks they face through training and our Health & Safety Policy, which aim to prevent accidents and maintain the health of employees while at work. A Health and Safety Plan is approved annually, and progress thereof monitored on a half-yearly basis by the Corporate Governance (Nomination & Remuneration) Committee. • The Health and Safety Officer oversees, harmonises and monitors the Health and Safety function with strict controls to ensure compliance with good practices, all statutory and legal requirements and codes of practice generally applied across the industry.
Financial and Other Regulatory Compliance	Non-compliance with financial and regulatory requirements may result in penalties and damage to the Company's image on the market.	• A robust programme comprising procedures and internal monitoring and reporting has been put in place by the Compliance and Accounting functions, with the aid of Internal Audit, to ensure that financial and regulatory requirements are strictly adhered to. • Quarterly Financial Statements and the Abridged Financial Statements are scrutinised by the Audit (Risk Management) Committee and subsequently reviewed and approved by the Board.
Project Development	Risks of new projects being completed off schedule or with significant cost overruns may have a material adverse effect on the Company's performance.	• Those risks are measured and addressed in a timely manner by the Project Team and quarterly by the Board, to enable appropriate and pro-active decisions.

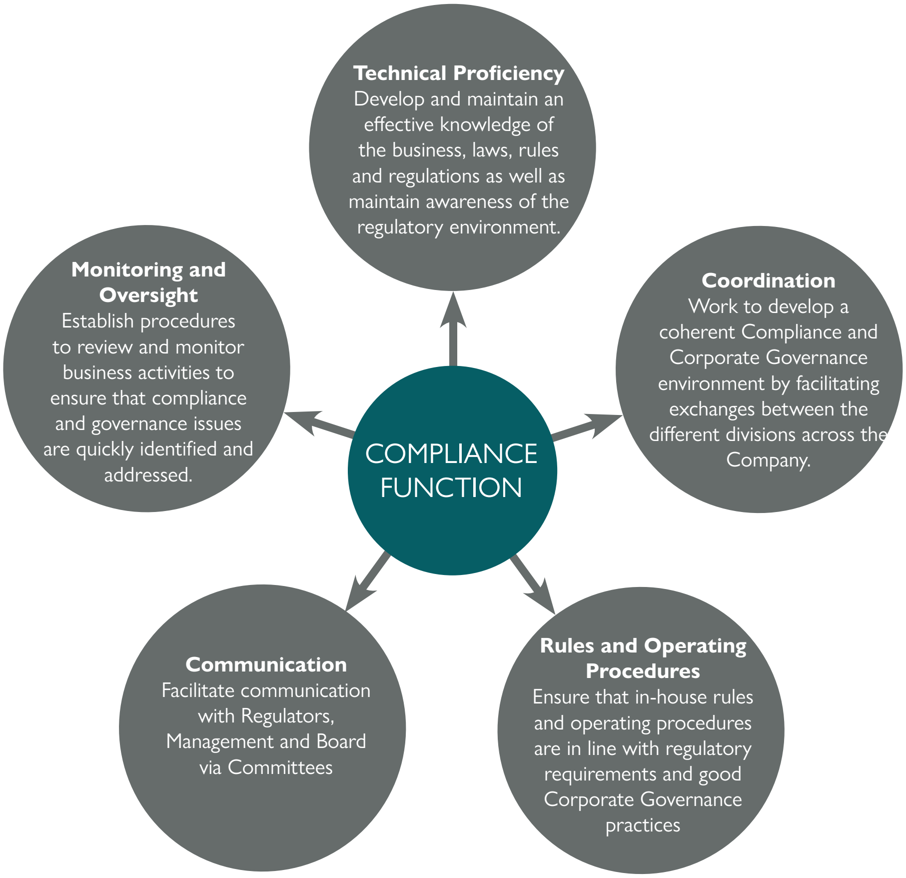
6.2 Compliance Function

The Compliance function falls under the responsibility of the HR Manager, with a functional reporting line to the Audit (Risk Management) and the Corporate Governance Committees of the Company. It operates within the scope of the Company's Compliance Charter and in accordance with the Professional Standards and Guidelines approved by the Board.

The main role of the Compliance function is to:

- Provide the appropriate framework within which the business activities of the Company and its operating subsidiaries, and its employees can comply with the Company's policies, standards and procedures and with applicable laws and regulations.
- Assist the Board, Management and Line Managers in discharging their compliance and risk responsibilities.

Scope of the Compliance Function



6.2 Compliance Function (continued)

During the year under review, all corporate policies and charters have been updated to ensure alignment with the requirements of the National Code of Corporate Governance for Mauritius (2016) and to consider changes in laws and regulations. It was noted that the business objectives set out in the Compliance Action Plan for 2018 were met.

In 2018, two reports, which also covered Health and Safety matters, were presented to the Corporate Governance (Nomination & Remuneration) Committee.

6.3 Information, Information Technology (IT) and Information Security (IS)

Information, IT and IS Governance Framework

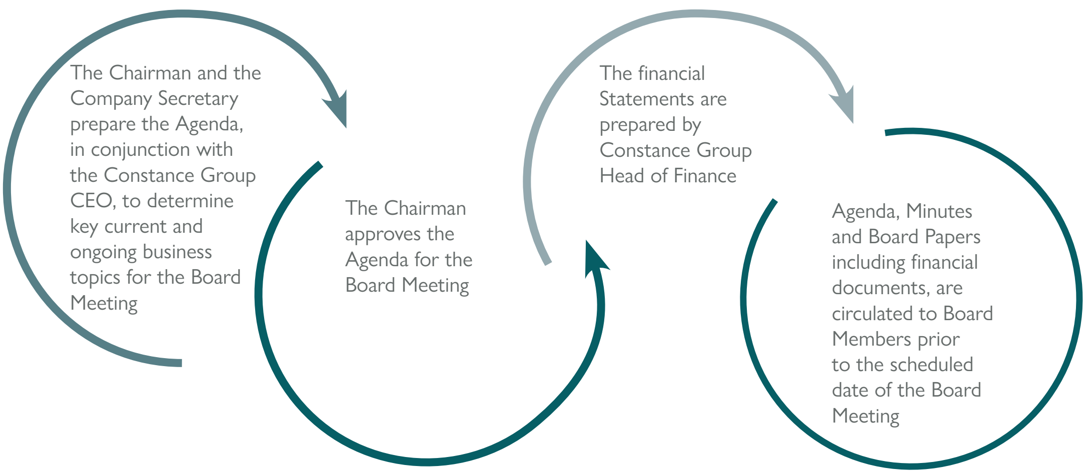
In line with the National Code of Corporate Governance for Mauritius (2016), the Board is responsible for information governance within the Company. Due to the nature and size of the business, as well as the technical expertise required, the management of the Information Technology, Information Security governance and business continuity is delegated to CCM which reports to the Audit (Risk Management) Committee on IT-related matters. The Audit (Risk Management) Committee has been mandated by the Board to oversee those matters, including the review of information risks and implemented mitigation actions, as well as to ensure that the established Information, IT and IS Governance framework is effective and adequate.

The Company Information, IT and IS governance framework in place includes an IT Code of Practice, puts emphasis on the confidentiality, accuracy, integrity, availability and protection of information, backed by adapted Information and IT systems to mitigate risks and meet the Company's strategic objectives. Management implements policies, procedures and practices to protect the Company's information, in line with regulatory and industry norms.

Information to the Board and Committees

The Chairman and the Company Secretary ensure that Directors receive adequate information, both qualitative and quantitative, in a timely manner to enable them to make informed business decisions. At the last assessment, the Board and its Committees found the information provided to them adequate.

Selection of Agenda Items for Board Meetings



Data Protection Act (DPA) 2017

The DPA 2017 is being closely monitored by the Company and any further action deemed necessary will be implemented in 2019.

Corporate Governance Report
(continued)

6.4 Charters, Policies and Codes

Overview

The policies laid out in the key documents mentioned in the following table are approved by the Board, on the recommendation of its relevant Committees, and are applied throughout the Group. Certain Policies and Codes are subject to review at least annually whilst Charters are reassessed every two years, unless otherwise required.

Charters	**Policies**
Audit (Risk Management) Committee	Conflict of Interests and Related Party Transactions
Board of Directors	Corporate Social Responsibility
Board of Directors' Charter	Data Protection
Letter of Appointment	Dividend
Board and Director Self-assessment Questionnaire	Environmental
Board Committees Self-assessment Questionnaires	Equal Opportunity
Board of Directors and Key Executives Succession Planning	Health & Safety
Board Strategic Plan	Nomination
Compliance	Procurement
Compliance Officer Accountabilities	Remuneration
Professional Standards and Guidelines for Compliance Officers	Risk Management
Corporate Governance Committee	Share Dealing
Statement on Corporate Governance	
Corporate Governance Programme	
Fondation Constance	
Internal Audit	
Nomination & Remuneration Committee	
Risk Management	
Codes	
Code of Ethics and Conduct	
Code of Ethics and Conduct for Directors	
Code of Corporate Governance	
IT Code of Practice	

6.4 Charters, Policies and Codes (continued)

Code of Ethics and Conduct

The Company is committed to a code of ethics and conduct, which is outlined in its general Code of Ethics and Conduct, as well as in its Code of Ethics and Conduct for Directors. These documents are comprehensive statements of the guiding principles of conduct which the Company expects its Directors and employees to observe in the discharge of their responsibilities. These codes state the high moral, ethical and legal standards which the Company maintains and under which it carries out its business. It states publicly to all the Company's stakeholders the standards of behaviour they can expect from the Company's Directors and employees. The Board regularly monitors and evaluates compliance with the Company's Code of Ethics and Conduct.

Conflict of Interests and Related-Party Transactions

The Company's Conflict of Interests and Related-Party Transactions Policy provides a structure which ensures that all transactions pertaining to the operations of the Company and its subsidiaries are properly disclosed and can be adequately managed, without detriment to the reputation and integrity of the Company and its stakeholders, in so far as it relates to good corporate practice. At each Board meeting, Board Members and Senior Officers are invited to make relevant declarations in addition to those already disclosed.

The related-party transactions are disclosed on pages 95 and 96 of the Annual Report. These transactions were conducted in accordance with the Company's Conflict of Interests and Related-Party Transactions Policy, and Code of Ethics and Conduct for Directors.

Whistleblowing

The Company's Code of Ethics and Conduct includes a section on whistleblowing. This section establishes the process whereby any employee may report matters of suspected misconduct or malpractice within the Company, without the risk of subsequent victimisation, discrimination or disadvantage.

6.5 Audit

Internal Audit

Internal Audit is an appraisal function established to examine and evaluate the activities of the Company independently, as a service to the Board of Directors and to Management. The Internal Auditors are entrusted with the responsibility of appraising the Company's policies, procedures and the operating, financial and management controls in order to ensure that the business is properly managed and that effective controls are promoted and implemented, at reasonable cost.

The Internal Auditors report to the Constance Group CEO; they also have a functional reporting line to the Audit (Risk Management) Committee.

The Company has an Internal Audit Charter, which has been approved by the Board and governs the Internal Audit function in terms of responsibility, role, scope, authority, independence, reporting procedures, auditing standards and external relationships. It also highlights the unrestricted access which the Internal Auditors have to the records, Management, and employees of the Company.

The Company's Internal Audit function is outsourced to Messrs. PricewaterhouseCoopers (PwC) on a three-year contract, which was last renewed on 1st January 2016 and was further extended to 31st December 2019. The Audit (Risk Management) Committee regularly assesses the performance of the Internal Auditors and is satisfied of their effectiveness and independence.

6.5 Audit (continued)

Internal Audit (continued)

The annual internal audit plan, which is approved by the Constance Group CEO and ratified by the Audit (Risk Management) Committee, is based on the principles of risk management, to align the coverage and effort with the degree of risk attributable to the areas audited. High-risk issues, together with internal audit recommendations are tabled during the Audit (Risk Management) Committee meetings, where management comments and implementation plans are also discussed. The progress into the audit plan is also analysed and gaps, if any, are explained to the Committee. During 2018, the Internal Auditors conducted the audits on the following areas, systems and processes and attended respective Audit (Risk Management) Committee meetings to report on their findings and recommendations.

Areas	Systems & Processes Covered
Garage Operations Review	• Control over goods and spare parts • Access control • Complying with H&S regulations
Procurement Review	• Improving the ordering process • Monitoring supplier masterfile • Monitoring of access rights
Strengthening Control Environment & Follow-up	• Storing and handling of inventory • Revenue Review • Follow-up reviews • Compliance Review

External Audit

The Audit (Risk Management) Committee makes recommendations to the Board in relation to the appointment, remuneration, termination and oversight of the External Auditor. The latter provides an independent opinion on the Company's annual report, including its Corporate Governance report and financial statements.

The Audit (Risk Management) Committee also ensures that key partners, within the appointed External Audit firm, are rotated from time to time. Moreover, in order to ascertain that the provision of non-audit services by the External Auditor does not impair its independence and objectivity, such non-audit services are required to be pre-approved by the Audit (Risk Management) Committee and undertaken by a different partner.

The criteria for the selection, appointment and re-appointment of the External Auditor are:

- Expertise and reputation of the accountancy firm;
- Access to expert international accounting standards, to research relevant to the hotel industry, demonstrable audit quality-control processes and substantial resources to carry out the assignment;
- Competitive fees;
- Ethics, safeguard of objectivity and independence;
- Absence of any conflict of interests;
- Specific knowledge of the industry and business of the firm by the partner;

6.5 Audit (continued)

External Audit (continued)

The key steps of the External Auditor selection, appointment and re-appointment process include the following:

i. Appointment of the External Auditor lies within the Board's scope of responsibility; it is subject to the approval of shareholders;
ii. The review of the External Auditor's performance and independence lies within the Audit (Risk Management) Committee's scope of responsibility. The Committee also benchmarks the cost and scope of the external audit engagement prior to their appointment and thereon annually;
iii. The appointed External Auditor is required to present to Management an annual external audit proposal;
iv. In consultation with Audit (Risk Management) Committee, Management approves the scope of the audit, the terms of the annual engagement letter and the audit fees;
v. The External Auditor prepares the annual engagement letter in conjunction with Management;
vi. Upon engagement, the External Auditor has unfettered access to Management, staff, records and company facilities, and is allowed a reasonable and agreed time frame to conduct its audit.

Prior to the approval of the present audited financial results by the Board, the External Auditor was invited to attend the Audit (Risk Management) Committee meeting to review all matters related to the audit, covering accounting principles and critical policies, judgements and estimates. The Audit (Risk Management) Committee discussed with the External Auditor and Management, matters of significance regarding policies and accounting treatments. It ensured that it was satisfied that these matters had been appropriately addressed. The External Auditor has direct access to the Audit (Risk Management) Committee should it wish to discuss any matter privately. The External Auditor also reviewed and approved the Company's Corporate Governance Report.

BDO & Co. have been the External Auditor of the Company for more than 10 years. They have expressed their willingness to continue as the Company's External Auditor, in accordance with the provisions of the Companies Act 2001. On the recommendation of the Audit (Risk Management) Committee, BDO & Co. will be automatically reappointed at the forthcoming Annual Meeting of Shareholders. In view of the mandatory rotation, they will be rotated out in 2020.

7. RELATIONS WITH KEY STAKEHOLDERS

7.1 Shareholding Spread

Size of Shareholding	Number of shareholders	Number of shares owned	Percentage shareholding
1 – 500	243	35,576	0.741
501 – 1,000	47	36,532	0.761
1,001 – 5,000	84	189,582	3.950
5,001 – 10,000	8	62,371	1.299
10,001 – 50,000	10	244,016	5.084
50,001 – 100,000	8	596,173	12.420
100,001 – 250,000	5	693,654	14.451
250,001 – 500,000	2	640,425	13.342
Over 500,000	3	2,301,671	47.952
Total	**410**	**4,800,000**	**100.000**

Shareholder category	Number of shareholders	Number of shares owned	Percentage shareholding
Individuals	350	2,304,034	48.001
Pension and Provident Funds	6	469,818	9.788
Investment and Trust Companies	2	1,838	0.038
Other Corporate Bodies	52	2,024,310	42.173
Total	**410**	**4,800,000**	**100.000**

7.2 Substantial Shareholders

As at 31st December 2018, the substantial shareholders of the Company were as follows:

Shareholders	%
Société des Fraisiers	18.71
Manvest Limited	16.32
Mrs Josiane REY	12.92
Swan Life Ltd	9.76
Estate J. Clement REY	8.08
Mrs Nicole VALLET	5.26

7.3 Shareholders' Agreement

The Company is aware of a *protocole d'accord* that exists between four of its main shareholders, and which principally governs the allocation amongst them of certain seats on the Company's Board. The Company's Nomination & Remuneration Committee ensures that the nominees meet the criteria prescribed by the Companies Act 2001, the National Code of Corporate Governance for Mauritius (2016), and the Company's Director Nomination Policy, and that they are able to discharge their responsibilities effectively and in a transparent manner for the benefit of the Company as a whole.

7.4 Dividend Policy

The Company's Dividend Policy is to distribute to its shareholders, whenever possible, an adequate dividend, subject to the Company's performance, cash flow position and capital expenditure requirements. The dividend payment is subject to the solvency test being satisfied as required under section 61(2) of the Companies Act 2001.

7.5 Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is at ECS Secretaries Ltd which is responsible for the management of its Share Register. Shareholders may address, in writing, any administrative enquiries regarding their personal details, dividend payments and the like to ECS Secretaries Ltd.

7.6 Management Services Agreement

The Company has a management services agreement with Constance Corporate Management Limited (CCM), in which the Company holds a 50% interest, following an increase in capital leading to change in stake at the year end. Under this agreement, CCM provides a wide range of corporate and management services to the Company in the fields of strategic planning, general and corporate affairs, financial accounting and management, legal and tax, company secretariat, finance and development, and technical support. The fees charged are based on a percentage mix of net asset value, market capitalisation and net profit. The fees amounted to MUR 15.8 million for the year under review.

7.7 Contracts of Significance

During the year under review, there was no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or substantial Shareholder of the Company was materially interested, either directly or indirectly.

7.8 Stakeholder Engagement

Constance La Gaieté Company Limited is committed to delivering sustainable economic and social value to its stakeholders. In doing so, we believe it is a sine qua non that we regularly engage with our stakeholders and actively listen to their views, needs and feedback in order to formulate and execute effective and efficient strategies.

During the year under review, the Company engaged in dialogues with relevant key stakeholders on topics such as organisational position, performance and outlook. Where relevant, the Chairman of the Board ensures that the views and concerns of stakeholders are communicated to the Board and included in discussion of strategy and governance.

7.8 Stakeholder Engagement (continued)

The Company's engagement modes are summarised in the following Stakeholder Engagement Matrix.

Stakeholders	Expectations	Mode of Engagement / Communication	Frequency
Shareholders	Sustainable returns on investment through: • Effective and efficient growth strategies • Sound management of financial and risk-related matters • Enhanced competitiveness through diversification moves • Responsible business practices	- Annual Report - Annual Meeting of shareholders - Quarterly financial statements published in newspapers on the website of the Stock Exchange of Mauritius (SEM) - Communiques in the press and on the website of the Stock Exchange of Mauritius (SEM)	Annual Annual Quarterly As and when required
Suppliers	Long-term business relationships through: • Favourable terms • Mutual respect	Contracts	Ongoing
Local Communities & NGOs	• Responsible business practices, taking into consideration social and environmental issues. • Contribution to the economic and social progress of local communities. • Responsiveness to material issues raised by the local communities. • Compliance with all applicable laws and regulations.	Support to NGOs: Pils, T1 Diams, Lizie dan Lamain, Etoile de Mer School, ALEF, SAFIRE, Centre Joie de Vivre, Friends of the Poor, APDA and SOS Children's Village.	Ongoing
Government and Regulators	• Compliance with all applicable laws and regulations. • Contribute to job creation and other economic goals in a sustainable manner.	Regulatory filings: Registrar of Companies, Stock Exchange of Mauritius, Financial Services Commission, Financial Reporting Council, Mauritius Revenue Authority, Data Protection Office, Ministry of Labour, Industrial Relations and Employment	As applicable

7.9 Timetable – Important Events

March	May	June
Approval of audited financial statements	Approval of first-quarter results	Annual Meeting of Shareholders
August	**November**	**November/December**
Approval of second-quarter results	Approval of third-quarter results	Declaration of dividend
December		
Payment of dividend		

Corporate Social Responsibility Report

Corporate Values

Constance Group pursues the enhancement of corporate values through sound and ethical business practices. To fulfil this objective, it continually undertakes Group-wide initiatives to strengthen its corporate governance structure; maintain sound employment practices, ensure a healthy and safe workplace, quality and job-related training; and to protect and conserve the environment in which its member companies operate, through efficient resource management and utilisation. The Group also plays an active role in poverty eradication and the furtherance of a sustainable society, through social contribution programmes.

In recent years, Constance Group has more closely aligned its social and environmental responsibilities with its business strategy to reflect the Group's vision and values in a relevant manner. Its ultimate objective in so doing is to fully integrate its values within the business practices of its member companies, with emphasis on the management of their economic, social and environmental obligations.

Shareholders

The Company communicates with its shareholders through its Annual Report, the publication of its quarterly results and other communiques in the press, and at its Annual Meeting.

Employees

The Company places great emphasis on the training and development of its employees and is committed to providing and maintaining a safe and healthy working environment for them. Regular feedback is sought to ascertain their level of performance and satisfaction and to ensure their continual improvement and motivation.

Contractors and Suppliers

The positive feedback received from the Company's suppliers reflects its continuing commitment to maintaining the highest standards of ethics and integrity in its dealings with them.

Code of Ethics and Conduct

The Company is committed to a code of ethics, which is outlined in its Code of Ethics and Conduct, as well as in its Code of Ethics and Conduct for Directors. These documents are comprehensive statements of the guiding principles of conduct which the Company expects its Directors and employees to observe in the discharge of their responsibilities. These codes state the high moral, ethical and legal standards which the Company stands for and by which it professes to do its business. They state publicly to all the Company's stakeholders the standards of behaviour they can expect from the Company's Directors and employees.

Health & Safety

The Company has a Health & Safety Officer and implements appropriate policies. It carries out ongoing Health & Safety audits and ensures that employees and Management are fully aware of the risks at the workplace and can undertake their tasks in a safe and conducive working environment.

Environment

The Company recognises its obligations to respect the environment and has always striven to achieve environmental best practices across its operations.

Corporate Social Responsibility

Mission

As part of its mission, the Company cares for the well-being and development of its operations' neighbouring communities. The Company considers its Corporate Social Responsibility (CSR) involvement and contributions as investments that bolster the sustainable development of the community.

Fondation Constance

Fondation Constance is the entity that is responsible for the implementation of Constance Group's CSR programmes, through its Steering Committee. The latter reports to the Corporate Governance Committee, which approves the foundation's annual programme and monitors its performance on a quarterly basis.

Objectives

Constance Group's CSR policy is guided by a set of three objectives:

Whilst Fondation Constance extends its consideration to high-impact projects at national level, it tends to give priority to projects in the region in which its Group member companies operate. This gives the Group a wider opportunity to reach out to its local stakeholders.

Donation Policy

The Group's allocation of funds follows a specific donation policy that is meant to:

i. Ensure that all its donations are compatible with its business activities and reflect its respective values and objectives.

ii. Support people and communities at both local and national level, with the aim of making their lives better and giving them opportunities that they might otherwise not have access to.

iii. Enhance and safeguard the natural environment.

Corporate Social Responsibility (continued)

Donation Policy (continued)

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Under the Aegis of Fondation Constance	**300**	750	**300**	750

Fund Allocation of Fondation Constance

In 2018, the financial resources available to Fondation Constance were used to fund projects in six focus areas, namely education & training, socio-economic development, family protection, support to persons with disabilities, health and leisure & sports. It supported 14 NGOs, reaching a total of 245 direct beneficiaries.

FUND ALLOCATION BY FOCUS AREA, YEAR ENDED 31st DECEMBER 2018

50%	26%	15%	5%	3%	1%
EDUCATION & TRAINING	**SOCIO-ECONOMIC DEVELOPMENT**	**LEISURE & SPORTS**	**HEALTH**	**SUPPORT TO PERSONS WITH DISABILITIES**	**FAMILY PROTECTION**

14
NGOs

245
Direct Beneficiaries

Education & Training

Primary School Achievement Certificate Sponsorship

Fondation Constance believes in the empowerment of communities through education. Scholarships are awarded annually to the four best Primary School Achievement Certificate (PSAC) pupils from the Poste de Flacq Government and RCA schools, to cover their secondary studies and enhance equitable and quality secondary education, leading to relevant and effective learning outcomes. Over the years, many of Fondation Constance's beneficiaries have succeeded in accessing university education.

Education & Training (continued)

Non-Formal Education and Breakfast Support Programme for Children from Vulnerable Groups	
3 NGOs **150 Beneficiaries** **4,760 Meals Served**	Fondation Constance sponsored three NGOs dedicated to the development of quality non-formal education programmes for children from vulnerable groups. This project benefitted 150 persons. 4,760 meals were served.

Zippy's Friends
Zippy's Friends is a programme that helps young children, aged between five and seven years old, to develop their ability to cope with everyday difficulties, to identify and talk about their feelings and to explore ways of dealing with them. It is an integrated project which aims at maintaining good mental health, which in turn impacts positively on the academic performance of students and the long-term economic development of vulnerable people. In this connection, Fondation Constance elected to sponsor the Poste de Flacq RCA school. Overall, 21 students, the teachers, the Deputy Head Master and the Head Master responded positively to the project. Improvements have been noted in the behaviour, the relational faculties and the academic performance of the children.

Association pour la Lecture et l'Ecriture en Français (ALEF)
During the year under review, Fondation Constance sponsored *ALEF* which offers a learning and reading corner for children from the underprivileged region of the East of Mauritius, in addition to other activities which contribute towards the promotion of their well-being through music, dance and workshops.

Technical Training	
6 Direct Beneficiaries	Fondation Constance sponsors youths who demonstrate a keen desire to uplift themselves and secure future employment through vocational training. Five students of *Collège Technique Saint Gabriel* and one from *St Joseph Technical School* took advantage of the scheme and successfully completed their courses. It is encouraging to note that many of the beneficiaries of this scheme have secured employment and are progressing in their career.

Socio-Economic Development

Empowerment through Training and Placement	
36 Direct Beneficiaries	Fondation Constance continued to provide training at the Constance Hospitality Training Centre (CHTC) to 36 persons from vulnerable groups of the eastern region of Mauritius, with a view to giving them skills which will enhance their employability. During the year under review, 28 underprivileged women participated in the Adult Literacy Programme with a view to empowering them and hence restore their sense of human dignity.

Socio-Economic Development (continued)

Schooling Support

During the year under review, Fondation Constance continued to sponsor *Friends of the Poor* with a view to providing support to eleven children from vulnerable groups of the eastern region of Mauritius.

Protection of vulnerable persons

Employees of the Group organised a Christmas party for vulnerable children of the East of Mauritius. This initiative, which benefitted from the support of Fondation Constance, was meant to encourage employees to participate in various community support and development projects. In that context, they generously donated gifts to 30 beneficiaries.

SAFIRE

Fondation Constance continued to live up to its engagement as a socially-responsible organisation. In 2018, the foundation partnered with *SAFIRE*, an NGO engaged in the defence and promotion of the rights of street children. Now, those living in the regions where Constance Group's companies do business can benefit from this collaboration and have access to free, equitable and quality primary and secondary education, leading to relevant and effective learning and, ultimately, to a restored dignity.

Family Protection

SOS Children's Village

Fondation Constance provided financial support to *SOS Children's Village*, an NGO whose objective is to see to it that abandoned and neglected children grow with love, respect and security in a family-based residential care. This NGO provides a substitute mother who attends to the children's basic needs and also addresses their developmental needs, education and training support for early integration.

Leisure & Sports

Constance Cycling Academy

Fondation Constance encourages the promotion of recreational, leisure and sports activities in the eastern region of Mauritius. The objective is to groom young people into responsible leaders whilst empowering them to achieve their full potential and well-being. Fondation Constance is a staunch supporter of the *Faucon Flacq Sporting Club* (FFSC), which promotes sports for the benefit and development of young people from underprivileged families.

The Constance Cycling Academy, financed by Fondation Constance, now counts 5 “Cadets” and 7 “Minimes” among its beneficiaries. It is proud to note and report on the good performances of its licensees, who have been winning some races at National level in their respective categories. Sport remains an excellent means to bring unity and well-being and it favours the sound development of our young people.

We firmly believe that this laudable initiative should be further strengthened.

Supporting Persons with Disabilities

Lizié dan Lamain

In 2018, Fondation Constance continued to support NGOs promoting the social integration of persons with physical disabilities. *Lizié dan Lamain* was one of the beneficiaries.

Association des Parents Deficients Auditifs (APDA)

During the year under review, Constance Belle Mare Plage teamed up with MCB Group and supported *Association des Parents de Déficients Auditifs (APDA)*.

Fondation Constance also contributed to a fund-raising activity with a view to providing hearing aids to children suffering from hearing deficiency.

Health

PILS

During the year under review, Fondation Constance collaborated with *PILS* in its fight against HIV/AIDS.

Centre d'Accueil de Terre Rouge (CATR)

During the course of 2018, with the alarming rise in drug addiction among young persons of the East of the Mauritius and in view of the lack of adequate support offered to them, Fondation Constance joined forces with the *Centre d'Accueil de Terre Rouge (CATR)*, expert in the prevention and treatment of drug abuse, to develop a programme to this end for the region.

A Day Centre was thereafter opened on 5th September 2018. With the financial support of Fondation Constance, CATR offers, on an ongoing basis, counselling and sensitisation sessions to the community. As a responsible citizen, Fondation Constance will continue to support this programme.

National CSR Foundation

Following the amendment to the legislation in 2018, companies are compelled as from January 2019 to contribute 75% of their CSR levy to the National CSR Foundation. Although the impact has been limited for the time being, we are required to adjust our action plans in order to sustain and deliver on our objectives. We will therefore take it upon ourselves to commit funds, over and above the mandatory CSR levy, to be able to renew our engagement in contributing towards the well-being and development of the community in which Constance Group member companies operate.

Networking

Community Working Group (CWG)

Launched in 2018, under the aegis of the National Empowerment Foundation, the Community Working Group brings all stakeholders of the civil service and public and private sectors together to brainstorm, discuss and implement projects with regard to poverty alleviation. In this respect, Fondation Constance participates in respective meetings and collaborates with the CWG for activities and interventions with the view to empowering vulnerable families of the Eastern region of Mauritius.

Other Statutory Disclosures

(pursuant to section 221 of the Companies Act 2001)

Directors' Remuneration and Benefits

The Board of Directors has agreed not to disclose the emoluments of Executive Directors on an individual basis, because of the commercially-sensitive nature of such data.

Remuneration and benefits paid by the Company and its subsidiaries were as follows:

	2018 MUR'000	2017 MUR'000
Directors of Constance La Gaieté Company Limited		
Executive	**80**	80
Non-Executive	**870**	988
Directors of subsidiary companies		
Executive	**-**	-
Non-Executive	**-**	-

Directors' Service Contracts

Mr George J. Dumbell, Chairman of the Company, has a two-year service contract which expires on 31st December 2019. The other Directors do not have service contracts with the Company, but letters of appointment.

Directors of Subsidiary Companies

Name of Director	**Compagnie de Cheops Ltée**
Jean RIBET	*
Kevin CHAN TOO	*
Clément D. REY	*

Auditors' Remuneration

The fees paid to the auditors (exclusive of VAT) were:

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Audit fees paid to:				
BDO & Co.	**897**	862	**835**	805
Other firms	**-**	-	**-**	-
Fees for other services paid to:				
BDO & Co.	**-**	-	**-**	-
Other firms	**-**	-	**-**	-

Fees for other services relate to accounting, consultancy and taxation services.

Donations

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Political	**-**	150	**-**	150
Others	**135**	171	**135**	171
	135	321	**135**	321

Statement of Directors' Responsibilities

In Respect of Financial Statements

The Directors acknowledge their responsibilities for:

i. adequate accounting records and maintenance of effective internal control systems;

ii. the preparation of financial statements which fairly present the state of affairs of the Company, as at the end of the financial year, and the results of its operations and cash flows for that period, in compliance with International Financial Reporting Standards (IFRS);

iii. the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

i. adequate accounting records and an effective system of internal controls and risk management have been maintained;

ii. appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been used consistently;

iii. International Financial Reporting Standards have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified;

iv. the Code of Corporate Governance has been adhered to in all material aspects, and reasons provided for non-compliance.

Approved by the Board of Directors on and signed on its behalf by:

George J. Dumbell
Chairman

Jean Ribet
Director
Constance Group Chief Executive Officer

29th March 2019

Company Secretary's Certificate

In terms of section 166(d) of the Companies Act 2001, we certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Act.

Marie-Anne Adam, ACIS
For La Gaieté Services Ltd
Secretaries

29th March 2019

Independent Auditor's Report
to the Shareholders

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Constance La Gaieté Company Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 55 to 99 which comprise the statements of financial position as at December 31, 2018, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 55 to 99 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
1. Impairment of associates	
The Group holds investment in associates with a carrying amount of MUR 223M at reporting date. In the separate financial statements, investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. In the consolidated statements of financial position, investments in associates are accounted for using the equity method.	We reviewed and discussed with Management and those charged with governance the Company's assessment of whether there is objective evidence that the investment in associates is impaired and carried out appropriate impairment tests to ensure that the near-term business outlook of the investee seems reasonable.
Refer to note 2(f) (accounting policies) and note 9 of the accompanying financial statements.	

Report on the audit of the Financial Statements (continued)

Key Audit Matters (continued)

KEY AUDIT MATTER	AUDIT RESPONSE
2. Retirement benefit obligations The Group contributes to a defined benefit pension plan which results in a significant liability on the statements of financial position. The valuations of the retirement benefit obligations are calculated with reference to a number of actuarial assumptions and inputs including discount rate, salary growth rate and expected return on plan assets.	- We assessed the key controls over the completeness and accuracy of data used in the actuarial valuation for the calculation of the retirement benefit obligations. - We assessed the reasonableness of actuarial assumptions used including benchmarking to other entities in the industry.
Refer to note 2(o) (accounting policies), note 4(c) (critical accounting estimates) and note 19 of the accompanying financial statements.	

Other information

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

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

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

Corporate Governance Report

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

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

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

Report on the audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other Matter

This report is made solely to the shareholders of Constance La Gaieté Company Limited (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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & CO
Chartered Accountants

Ameenah Ramdin FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

29th March 2019

Financial Statements

Statements of Financial Position

December 31, 2018

	Notes	THE GROUP 2018 MUR'000	THE GROUP 2017 MUR'000	THE COMPANY 2018 MUR'000	THE COMPANY 2017 MUR'000
Assets					
Non-current assets					
Property, plant and equipment	5	**484,078**	370,945	**482,878**	369,714
Investment properties	6	**22,744**	26,094	**22,744**	26,094
Intangible assets	7	**197**	275	**197**	275
Investments in subsidiary companies	8	**-**	-	**4,225**	4,225
Investments in associates	9	**223,492**	199,337	**189,518**	174,113
Financial assets at fair value through other comprehensive income	10	**48,969**	49,587	**48,948**	49,566
Deferred expenditure	11	**5,424**	5,097	**5,424**	5,097
Deferred tax assets	12	**58,652**	53,505	**58,652**	53,505
		843,556	704,840	**812,586**	682,589
Current assets					
Consumable biological assets	13	**13,245**	15,288	**13,245**	15,288
Inventories	14	**5,758**	6,427	**5,758**	6,427
Trade receivables and other receivables	15	**41,575**	139,794	**41,575**	139,264
Prepayments		**1,221**	-	**1,213**	-
Other financial assets at amortised cost	16	**75,808**	-	**75,683**	-
Cash and cash equivalents	31(b)	**275**	1,071	**259**	933
		137,882	162,580	**137,733**	161,912
Total assets		**981,438**	867,420	**950,319**	844,501
Equity and Liabilities					
Capital and reserves					
Stated capital	17	**120,000**	120,000	**120,000**	120,000
Reserves		**83,107**	69,145	**88,452**	61,160
Retained earnings		**184,109**	205,049	**147,645**	190,781
Total equity		**387,216**	394,194	**356,097**	371,941
Non-current liabilities					
Borrowings	18	**205,823**	50,823	**205,823**	50,823
Retirement benefit obligations	19	**208,005**	235,294	**208,005**	235,294
		413,828	286,117	**413,828**	286,117
Current liabilities					
Trade and other payables	20	**93,004**	91,434	**93,004**	90,768
Borrowings	18	**87,390**	95,675	**87,390**	95,675
		180,394	187,109	**180,394**	186,443
Total liabilities		**594,222**	473,226	**594,222**	472,560
Total equity and liabilities		**981,438**	867,420	**950,319**	844,501

These financial statements have been approved for issue by the Board of Directors on 29th March 2019.

George J. Dumbell
Chairman

Jean Ribet
Director
Constance Group Chief Executive Officer

The notes on pages 61 to 99 form an integral part of these financial statements.
Auditor's report on pages 50 to 53.

Statements of Profit or Loss

Year ended December 31, 2018

	Notes	THE GROUP 2018 MUR'000	THE GROUP 2017 MUR'000	THE COMPANY 2018 MUR'000	THE COMPANY 2017 MUR'000
Revenue					
Sugar, molasses and bagasse	2(r) & 22	**113,027**	158,986	**113,027**	158,986
Other operating revenue	23	**93,067**	89,022	**92,244**	88,199
		206,094	248,008	**205,271**	247,185
SIFB compensation	2(o) & 24	**13,168**	14,364	**13,168**	14,364
		219,262	262,372	**218,439**	261,549
Biological assets					
- consumable	13	**(2,043)**	(17,868)	**(2,043)**	(17,868)
Operating expenses		**(303,589)**	(356,676)	**(302,808)**	(355,601)
Operating loss	25	**(86,370)**	(112,172)	**(86,412)**	(111,920)
Other income	26	**35,627**	8,736	**42,959**	24,580
		(50,743)	(103,436)	**(43,453)**	(87,340)
Finance costs	27	**(8,898)**	(6,163)	**(8,898)**	(6,163)
Loss from ordinary activities		**(59,641)**	(109,599)	**(52,351)**	(93,503)
Share of results of associates	9	**29,486**	682	**-**	-
Loss before taxation		**(30,155)**	(108,917)	**(52,351)**	(93,503)
Taxation	28	**7,843**	(8,456)	**7,843**	(8,456)
Loss for the year		**(22,312)**	(117,373)	**(44,508)**	(101,959)
Loss per share (MUR)	29	**(4.65)**	(24.45)	**(9.27)**	(21.24)

The notes on pages 61 to 99 form an integral part of these financial statements.
Auditor's report on pages 50 to 53.

Statements of Other Comprehensive Income

Year ended December 31, 2018

	Notes	THE GROUP 2018 MUR'000	THE GROUP 2017 MUR'000	THE COMPANY 2018 MUR'000	THE COMPANY 2017 MUR'000
Loss for the year		**(22,312)**	(117,373)	**(44,508)**	(101,959)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations	19(vi)	**31,978**	(15,419)	**31,978**	(15,419)
Deferred tax on remeasurements of defined benefit obligations	12(b)	**(2,696)**	2,313	**(2,696)**	2,313
Changes in fair value of equity instruments at fair value through other comprehensive income		**(618)**	-	**(618)**	-
Share of other comprehensive income of associates		**(13,594)**	(795)	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of investmets in financial assets		**-**	4,315	**-**	4,315
Share of other comprehensive income of associates		**264**	3,156	**-**	-
Other comprehensive income for the year, net of tax		**15,334**	(6,430)	**28,664**	(8,791)
Total comprehensive income for the year		**(6,978)**	(123,803)	**(15,844)**	(110,750)

The notes on pages 61 to 99 form an integral part of these financial statements.
Auditor's report on pages 50 to 53.

Statements of Changes in Equity

Year ended December 31, 2018

THE GROUP	Stated capital MUR'000	Financial assets at fair value through OCI reserve MUR'000	Reserve on consolidation MUR'000	Reserve of associated companies MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserve MUR'000	Total MUR'000
Balance at January 1, 2018	120,000	15,675	361	7,603	161,964	205,049	(116,458)	394,194
Loss for the year	-	-	-	-	-	(22,312)	-	(22,312)
Other comprehensive income for the year	-	(618)	-	(13,330)	-	-	29,282	15,334
Transfer to retained earnings	-	-	-	-	(1,372)	1,372	-	-
Balance at December 31, 2018	**120,000**	**15,057**	**361**	**(5,727)**	**160,592**	**184,109**	**(87,176)**	**387,216**

THE GROUP	Stated capital MUR'000	Financial assets at fair value through OCI reserve MUR'000	Reserve on consolidation MUR'000	Reserve of associated companies MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserve MUR'000	Total MUR'000
Balance at January 1, 2017	120,000	11,360	361	5,242	162,000	343,986	(103,352)	539,597
Loss for the year	-	-	-	-	-	(117,373)	-	(117,373)
Other comprehensive income for the year	-	4,315	-	2,361	-	-	(13,106)	(6,430)
Transfer to retained earnings	-	-	-	-	(36)	36	-	-
Dividends (note 21)	-	-	-	-	-	(21,600)	-	(21,600)
Balance at December 31, 2017	**120,000**	**15,675**	**361**	**7,603**	**161,964**	**205,049**	**(116,458)**	**394,194**

Financial Assets at Fair Value through Other Comprehensive Income Reserve

The fair value reserves comprise the cumulative net change in the fair value of financial assets that has been recognised in other comprehensive income until the investments are derecognised.

Reserves of associated companies

This reserve relates to movements in the respective reserves of associates.

Other reserves

Other reserves comprise mainly of the revaluation surplus that arose on revaluation of land.

Actuarial loss reserve

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

The notes on pages 61 to 99 form an integral part of these financial statements.
Auditor's report on pages 50 to 53.

Statements of Changes in Equity

Year ended December 31, 2018

THE COMPANY	Stated capital MUR'000	Financial assets at fair value through OCI reserve MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserve MUR'000	Total MUR'000
Balance at January 1, 2018	120,000	15,654	161,964	190,781	(116,458)	371,941
Loss for the year	-	-	-	(44,508)	-	(44,508)
Other comprehensive income for the year	-	(618)	-	-	29,282	28,664
Transfer to retained earnings	-	-	(1,372)	1,372	-	-
Balance at December 31, 2018	**120,000**	**15,036**	**160,592**	**147,645**	**(87,176)**	**356,097**

THE COMPANY	Stated capital MUR'000	Assets at Fair value through OCI reserve MUR'000	Other reserves MUR'000	Retained earnings MUR'000	Actuarial loss reserve MUR'000	Total MUR'000
Balance at January 1, 2017	120,000	11,339	162,000	314,304	(103,352)	504,291
Loss for the year	-	-	-	(101,959)	-	(101,959)
Other comprehensive income for the year	-	4,315	-	-	(13,106)	(8,791)
Transfer to retained earnings	-	-	(36)	36	-	-
Dividends (note 21)	-	-	-	(21,600)	-	(21,600)
Balance at December 31, 2017	**120,000**	**15,654**	**161,964**	**190,781**	**(116,458)**	**371,941**

The notes on pages 61 to 99 form an integral part of these financial statements.
Auditor's report on pages 50 to 53.

Statements of Cash Flows

Year ended December 31, 2018

	Note	THE GROUP 2018 MUR'000	THE GROUP 2017 MUR'000	THE COMPANY 2018 MUR'000	THE COMPANY 2017 MUR'000
Cash flows from operating activities					
Cash (used in)/generated from operations	31(a)	**(26,123)**	6,877	**(26,051)**	6,818
Interests received		**6,415**	55	**6,415**	55
VRS paid		**-**	(104)	**-**	(104)
Pension contributions paid		**(13,095)**	(11,045)	**(13,045)**	(11,045)
Interests paid		**(8,898)**	(6,163)	**(8,898)**	(6,163)
Tax refund/(paid)		**47**	(37)	**47**	(37)
Net cash used in operating activities		**(41,654)**	(10,417)	**(41,532)**	(10,476)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(128,205)**	(44,262)	**(128,205)**	(44,262)
Purchase of investment property		**(7)**	(5,571)	**(7)**	(5,571)
Purchase of investment in financial assets		**-**	(130)	**-**	(130)
Purchase of intangible asset		**-**	(209)	**-**	(209)
Land development expenditure		**(327)**	(94)	**(327)**	(94)
Investment in associates		**(17,208)**	(7,498)	**(17,208)**	(7,498)
Proceeds from repayment of shareholder's loan from associate		**1,803**	13,593	**1,803**	13,593
Proceeds from sales of property, plant and equipment		**483**	1,078	**483**	1,078
Proceeds from sales of agricultural land		**29,231**	403	**29,231**	403
Proceeds from sales of developed land		**-**	1,908	**-**	1,908
Dividends received		**8,373**	21,369	**8,373**	21,369
Net cash used in investing activities		**(105,857)**	(19,413)	**(105,857)**	(19,413)
Cash flows from financing activities					
Dividends paid		**-**	(21,600)	**-**	(21,600)
Proceeds from borrowings		**155,000**	-	**155,000**	-
Net cash generated from/(used in) financing activities		**155,000**	(21,600)	**155,000**	(21,600)
Net increase/(decrease) in cash and cash equivalents		**7,489**	(51,430)	**7,611**	(51,489)
Movement in cash and cash equivalents					
At January 1,		**(94,591)**	(43,161)	**(94,729)**	(43,240)
Increase/(decrease)		**7,489**	(51,430)	**7,611**	(51,489)
At December 31,	31(b)	**(87,102)**	(94,591)	**(87,118)**	(94,729)

The notes on pages 61 to 99 form an integral part of these financial statements.
Auditor's report on pages 50 to 53.

1 GENERAL INFORMATION

Constance La Gaieté Company Limited, is a limited liability company incorporated and domiciled in Mauritius. The address of its registered office is 5th Floor, Labama House, 35 Sir William Newton Street, Port-Louis.

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of Constance La Gaieté Company Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiaries (The Group) and the separate financial statements of the parent company (The Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (MUR'000), except when otherwise indicated.

The Group and the Company have net current liabilities of MUR 42.5M (2017: MUR 24.5M) and MUR 42.7M (2017: 24.5M) respectively at December 31, 2018. The Board is satisfied that the Group and the Company have the resources to meet their liabilities in the foreseeable future. The financial statements are prepared on a going concern basis.

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

i) land is carried at deemed cost;

ii) investments properties are stated at fair value;

iii) relevant financial assets and liabilities are carried at amortised cost; and

iv) consumable biological assets are stated at fair value.

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9, "Financial Instruments" from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the current year financial statements. The new accounting policies are set out in note 2(g). The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods, being no material adjustment, in the year of initial application of the standard. The Company has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15, "Revenue from Contracts with Customers" is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Company has adopted IFRS 15, "Revenue from Contracts with Customers" from January 1, 2018 which resulted in changes in accounting policies. The new accounting policies are set out in note 2(r). The amendment has no impact on the Group's financial statements. In accordance with the transition provisions in IFRS 15, the Company has not restated comparatives for the 2017 financial year.

"Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)" The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Groups's financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Standards, Amendments to Published Standards and Interpretations effective in the reporting period (continued)

Applying IFRS 9, "Financial Instruments" with IFRS 4, "Insurance Contracts (Amendments to IFRS 4)" The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

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

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

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

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

Certain Standards, Amendments to Published Standards and Interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Group has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 16, "Leases"
- IFRS 17, "Insurance Contracts"
- IFRIC 23, "Uncertainty over Income Tax Treatments"
- Prepayment Features with negative compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRSs 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment

Property, plant and equipment (except for freehold land) are stated at historical cost/deemed cost less accumulated depreciation and impairment. Freehold land is stated at deemed cost and is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Bearer plants

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

Depreciation is calculated on the straight-line method to write-off the cost, deemed cost or revalued amounts of the assets to their residual values over their estimated useful lives. The principal annual rates used are as follows:

- Improvement to land	1%-10%
- Buildings	2%-20%
- Machinery	5%-20%
- Vehicles	5%-20%
- Furniture, fittings and equipment	5%-20%
- Bearer plants	12.5%

Land is not depreciated.

The assets' residual values, useful lives and depreciation methods 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 disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(c) Investment properties

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives (10-50 years).

The principal annual rates used are as follows:

- Buildings	2%-10%
- Furniture & Fittings	10%

(d) Intangible assets

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 (3-5 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.

(e) Investments in subsidiary companies

Separate financial statements of the investors

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments in subsidiary companies (continued)

Consolidated financial statements

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

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

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

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 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 the profit or loss as a bargain purchase gain.

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

Transactions with non-controlling interests

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

Disposal of subsidiaries

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

(f) Investments in associates

Separate financial statements of the investor

In the separate financial statements of the investor, investments in associated companies are carried at cost.

The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments in associates (continued)

Consolidated financial statements (continued)

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

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

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

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.

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

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

(g) Financial assets

The Group classifies its financial assets as follows:

(i) Amortised cost

The Group's financial assets measured at amortised cost comprise trade receivables, financial assets at amortised cost and cash and cash equivalents.

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. They are generally due for settlement within 90 days and are therefore classified as current. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial assets at amortised cost generally arise from transactions outside the trading activities of the Group. Where applicable, interest may be charged at commercial rates where the terms of repayment exceed one year. There are no collateral for those receivables.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and for the purpose of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets (continued)

(ii) Fair value through other comprehensive income

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

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

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

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

(h) Financial liabilities

The Group classifies its financial liabilities as follows:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(i) Borrowings

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

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

(j) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

(k) Deferred expenditure

Land development expenditure

Land development expenditure relates to cost incurred for the development of land into a saleable condition.

(l) Current and deferred income tax

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

Current tax

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Current and deferred income tax (continued)

Deferred tax

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

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting period 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.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and on retirement benefit obligations.

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whole objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

(m) Biological assets

Consumable biological assets

Consumable biological assets relate to livestock stated at their fair value being the expected net sales proceeds.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(o) Retirement benefit plans

Defined benefit plan

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Retirement benefit plans (continued)

Unfunded plans/Gratuity on retirement

Artisans and labourers of sugar companies are entitled to a gratuity on death or retirement based on years of services. This item is not funded. The benefits accruing under this item are calculated by an actuary and have been accounted for in the financial statements.

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

(p) Dividend distribution

Dividend distribution to the Company's share-holders is recognised as a liability in the Company's financial statements in the year in which the distribution is authorised by the Board.

(q) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 Mauritian Rupees 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 translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains-net'.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of 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 held at fair value through profit or loss, are reported as part of the fair value gain or loss. 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.

(r) Revenue recognition

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of goods and services in each such contract. The revenue amounts that are recognised reflect the consideration, net of discounts and applicable taxes, to which the Company expects to be entitled in exchange for those goods and services.

Revenue from the sale of products is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements. Each such sale normally represents a single performance obligation. For contracts that contain separate performance obligations, the transaction price is allocated to those separate performance obligations by reference to their relative standalone selling prices.

Turnover represents the gross proceeds of sugar and other products derived from sugar cane. The gross proceeds are based on the tonnage and prices communicated by the Mauritius Sugar Syndicate.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

Revenue resulting from arrangements that are not considered contracts with customers is presented as Other Income.

Other revenues earned by the Group and the Company, comprising mainly of diversification products and rental income, are recognised when the goods are sold or services are rendered at a point in time.

(s) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets 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).

(t) Provisions

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

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

(u) Trade and other payables

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

(v) Segment reporting

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

3 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks. The Board provides guidelines for overall risk management and seeks to minimise potential adverse effects on the Group's financial performance.

The Risk Management Committee provides written principles for overall risk management as well as written policies covering specific areas of risk.

A description of the significant risk factors is given below.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including oustanding receivables.

Credit risk is managed on a Group basis.

For banks and financial institutions, only independently rated parties and reputed financial institutions are accepted.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable recovery include among others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payment when the receivable is overdue.

Sales to direct customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Interest rate risk

The Group's borrowings as shown in the financial statements are exposed to interest rate risks as it borrows mainly at variable rates. The Group objective is to have a mix of short term and long term borrowings so as to mitigate the interest rate risk.

3 FINANCIAL RISK FACTORS (continued)

Interest rate risk (continued)

At December 31, 2018, if interest rate on Rupee denominated borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have decreased/increased by MUR 706k (2017: decreased/increased by MUR 392k) mainly as a result of higher/lower interest rate expense on floating rate borrowings.

Market risk

(i) Currency risk

Although the price received for its sugar is denominated in Mauritian Rupee, the Group is indirectly exposed to foreign exchange risk. The sugar produced is sold through the Mauritius Sugar Syndicate, who uses various hedging techniques to hedge the sugar receipts. This risk affects both the crop proceeds and the fair value of the biological assets.

(ii) Price risk

The Group is exposed to price risk with regards to the incidence of the price of sugar on the European Union market and its investments in equity securities.

The Group's activities is also exposed to the risk that the value of the financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. If the price of securities had been 5% higher/lower as at the year end, the impact on equity would have been MUR 2,448k increase/decrease (2017: MUR 2,442k).

(iii) Liquidity risk

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

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

In order to ensure the adequacy of its funding requirements, cash flow forecasts are regularly prepared and the relevant credit facilities are closely monitored.

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 shareholders and benefits for other stakeholders, and;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's strategy is to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable costs.

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

	THE GROUP	
	2018 MUR'000	2017 MUR'000
Total debt	**293,213**	146,498
Less: cash and cash equivalents	**(275)**	(1,071)
Net debt	**292,938**	145,427
Total equity	**387,216**	394,194
Total capital plus debt	**680,154**	539,621
Debt-to-capital ratio	**43.1%**	26.9%

	THE COMPANY	
	2018 MUR'000	2017 MUR'000
Total debt	**293,213**	146,498
Less: cash and cash equivalents	**(259)**	(933)
Net debt	**292,954**	145,565
Total equity	**356,097**	371,941
Total capital plus debt	**649,051**	517,506
Debt-to-capital ratio	**45.1%**	28.1%

3 FINANCIAL RISK FACTORS (continued)

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 available-for-sale investments.

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

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

Specific valuation techniques used to value financial instruments include:

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) Impairment of financial assets

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

(b) Biological assets

(i) **Bearer biological assets**

These relate to land preparation and cane replantation costs and have been fully impaired following changes to market conditions and the introduction of new technology.

(ii) **Consumable biological assets**

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 at the relevant market determined pre-tax rate.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Retirement benefit obligations

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, salary growth rate, pension growth rate, medical plans and expected returns. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

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

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Certain securities which do not have a quoted price are stated at cost less impairment as their fair value cannot be reliably measured as there is no active market and, an absence of track records for such or similar instruments.

5 PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Land MUR'000	Improve-ment to land MUR'000	Land development projects MUR'000	Buildings MUR'000	Agricultural equipment MUR'000	Motor vehicles MUR'000	Furniture, fixtures & fittings MUR'000	Bearer plants MUR'000	Total MUR'000
Cost or Deemed Cost									
At January 1, 2017	280,054	9,734	17,937	46,461	65,567	56,295	9,430	109,335	594,813
Additions	4,324	12,482	17,037	616	122	2,976	456	6,249	44,262
Disposals	(50)	-	-	(1,181)	(793)	(2,470)	(598)	-	(5,092)
At December 31, 2017	**284,328**	**22,216**	**34,974**	**45,896**	**64,896**	**56,801**	**9,288**	**115,584**	**633,983**
Additions	4,430	11,071	106,252	70	477	-	303	5,602	128,205
Disposals	(1,723)	-	-	-	-	(1,533)	-	-	(3,256)
Scrapped	-	-	-	(26)	(2,044)	-	(131)	(40,359)	(42,560)
At December 31, 2018	**287,035**	**33,287**	**141,226**	**45,940**	**63,329**	**55,268**	**9,460**	**80,827**	**716,372**
Depreciation									
At January 1, 2017	-	297	-	30,147	57,669	49,236	7,180	70,957	215,486
Charge for the year	-	786	-	1,247	1,580	3,607	625	10,508	18,353
Disposal adjustment	-	-	-	(1,182)	(686)	(2,470)	(582)	-	(4,920)
Impairment losses	-	-	-	-	-	-	-	34,119	34,119
At December 31, 2017	**-**	**1,083**	**-**	**30,212**	**58,563**	**50,373**	**7,223**	**115,584**	**263,038**
Charge for the year	-	1,183	-	1,253	1,434	3,290	562	700	8,422
Disposal adjustment	-	-	-	-	-	(1,533)	-	-	(1,533)
Scrapped	-	-	-	(16)	(2,044)	-	(116)	(40,359)	(42,535)
Impairment losses	-	-	-	-	-	-	-	4,902	4,902
At December 31, 2018	**-**	**2,266**	**-**	**31,449**	**57,953**	**52,130**	**7,669**	**80,827**	**232,294**
Net Book Values									
At December 31, 2018	**287,035**	**31,021**	**141,226**	**14,491**	**5,376**	**3,138**	**1,791**	**-**	**484,078**
At December 31, 2017	**284,328**	**21,133**	**34,974**	**15,684**	**6,333**	**6,428**	**2,065**	**-**	**370,945**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) THE COMPANY

	Land MUR'000	Improve-ment to land MUR'000	Land development projects MUR'000	Buildings MUR'000	Agricultural equipment MUR'000	Motor vehicles MUR'000	Furniture, fixtures & fittings MUR'000	Bearer plants MUR'000	Total MUR'000
Cost or Deemed Cost									
At January 1, 2017	278,854	9,734	17,937	43,881	65,340	56,295	7,655	109,335	589,031
Additions	4,324	12,482	17,037	616	122	2,976	456	6,249	44,262
Disposals	(50)	-	-	(1,181)	(793)	(2,470)	(598)	-	(5,092)
At December 31, 2017	**283,128**	**22,216**	**34,974**	**43,316**	**64,669**	**56,801**	**7,513**	**115,584**	**628,201**
Additions	4,430	11,071	106,252	70	477	-	303	5,602	128,205
Disposals	(1,723)	-	-	-	-	(1,533)	-	-	(3,256)
Scrapped	-	-	-	(26)	(2,044)	-	(131)	(40,359)	(42,560)
At December 31, 2018	**285,835**	**33,287**	**141,226**	**43,360**	**63,102**	**55,268**	**7,685**	**80,827**	**710,590**
Depreciation									
At January 1, 2017	-	297	-	27,823	57,147	49,236	5,561	70,957	211,021
Charge for the year	-	786	-	1,247	1,580	3,607	538	10,508	18,266
Disposal adjustment	-	-	-	(1,182)	(686)	(2,470)	(581)	-	(4,919)
Impairment losses	-	-	-	-	-	-	-	34,119	34,119
At December 31, 2017	**-**	**1,083**	**-**	**27,888**	**58,041**	**50,373**	**5,518**	**115,584**	**258,487**
Charge for the year	-	1,183	-	1,253	1,434	3,290	533	700	8,393
Disposal adjustment	-	-	-	-	-	(1,533)	-	-	(1,533)
Scrapped	-	-	-	(16)	(2,044)	-	(118)	(40,359)	(42,537)
Impairment losses	-	-	-	-	-	-	-	4,902	4,902
At December 31, 2018	**-**	**2,266**	**-**	**29,125**	**57,431**	**52,130**	**5,933**	**80,827**	**227,712**
Net Book Values									
At December 31, 2018	**285,835**	**31,021**	**141,226**	**14,235**	**5,671**	**3,138**	**1,752**	**-**	**482,878**
At December 31, 2017	**283,128**	**21,133**	**34,974**	**15,428**	**6,628**	**6,428**	**1,995**	**-**	**369,714**

(c) Land has been revalued by the Directors in 1990. The valuation is taken as a deemed cost.

If land was stated at historical cost basis, the amount would be as follows:

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Cost	**77,023**	74,624	**77,023**	74,624

(d) Borrowings are secured on the assets of the Group including property, plant and equipment.

6 INVESTMENT PROPERTIES

	THE GROUP AND THE COMPANY	
	2018	2017
	MUR'000	MUR'000
Cost		
At January 1,	**52,521**	46,950
Additions	**7**	5,571
Scraps	**(5)**	-
At December 31,	**52,523**	52,521
Depreciation		
At January 1,	**26,427**	23,302
Charge for the year	**3,353**	3,125
Scraps	**(1)**	-
At December 31,	**29,779**	26,427
Net Book Value		
At December 31,	**22,744**	26,094

The investment properties have been valued by Directors at MUR 103 million (2017: MUR 103 million) using the income yield method.

Rental income arising from investment properties was MUR 7.45 million (2017: MUR 7.23 million). Direct operating expenses arising from investment properties which generated rental income during the year were MUR 7.13 million (2017: MUR 6.85 million).

7 INTANGIBLE ASSETS

Computer Software	THE GROUP AND THE COMPANY MUR'000
Cost	
At January 1, 2017	1,731
Additions	209
At December 31, 2017	1,940
Additions	-
At December 31, 2018	**1,940**
Amortisation	
At January 1, 2017	1,587
Charge for the year	78
At December 31, 2017	1,665
Charge for the year	78
At December 31, 2018	**1,743**
Net Book Values	
At December 31, 2018	**197**
At December 31, 2017	275

8 INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2018 MUR'000	2017 MUR'000
Cost		
At January 1,	**4,225**	1,250
Additions	**-**	2,975
At December 31,	**4,225**	4,225

8 INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(a) The subsidiary companies of Constance La Gaieté Company Limited (which are all incorporated and operate in Mauritius) are as follows:

Name	Class of shares held	Year end	Stated capital MUR'000	Proportion of ownership interest 2018 & 2017 Direct	Principal activity
Compagnie de Cheops Ltée	Ordinary shares	December 31,	3,000	100%	Sewage Treatment Plant
Société Reeya & Cie	Share of interest	December 31,	1,000	100%	Cane cultivation

9 INVESTMENTS IN ASSOCIATES

	2018 MUR'000	2017 MUR'000
(a) (i) THE GROUP		
Unquoted		
At January 1,	**199,337**	218,294
Additions	**17,208**	7,498
Disposal/repayment	**(1,803)**	(13,593)
Share of results of associates	**29,486**	682
Dividend from associates	**(7,406)**	(15,905)
Movement in reserves	**(13,330)**	2,361
At December 31,	**223,492**	199,337
(ii) THE COMPANY		
Unquoted		
At January 1,	**174,113**	180,208
Additions	**17,208**	7,498
Disposal/repayment	**(1,803)**	(13,593)
At December 31,	**189,518**	174,113

9 INVESTMENTS IN ASSOCIATES (continued)

(b) The results of the associated companies stated below have been included in the consolidated financial statements:

(i)

Name	Class of shares held	Year Ended	Nature of business	Proportion of ownership interest 2018 Direct	2018 Indirect	2017 Direct	2017 Indirect
Deep River Beau Champ Milling Co Ltd*	Ordinary shares	June 30	Trade	**-**	**27.85%**	-	27.85%
Consolidated Energy Co Ltd*	"	June 30	Trade	**5.00%**	**16.25%**	5.00%	16.25%
Eastern Energy Co Ltd*	"	June 30	Investment	**32.10%**	**-**	32.10%	-
Usinest Limited*	"	June 30	Investment	**34.81%**	**-**	34.81%	-
Refinest Limited*	"	June 30	Trade	**35.77%**	**-**	35.77%	-
Constance Corporate Management Limited**	"	December 31	Corporate Services	**50.00%**	**-**	42.00%	-
La Gaieté Services Ltd	"	December 31	Secretarial	**-**	**50.00%**	-	42.00%

All the above companies are incorporated and operated in Mauritius.

* Some of the accounting periods of the above companies are not coterminous and end on June 30. In order to synchronise accounting periods in the current year, management accounts have been used for consolidation. All the above associates are accounted for using the equity method.

** In December 2018, the Group increased its participation in the issued shares of Constance Corporate Management Limited through a right issue for an amount of MUR 10M.

9 INVESTMENTS IN ASSOCIATES (continued)

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

	Current assets MUR'000	Non-current assets MUR'000	Current liabilities MUR'000	Non-current liabilities MUR'000	Non-controlling interest MUR'000	Revenue MUR'000	Profit/(loss) for the year MUR'000	Other comprehensive income for the year MUR'000	Dividend received during the year MUR'000
2018									
Consolidated Energy Co Ltd	**223,763**	**146,246**	**150,176**	**19,220**	**-**	**643,972**	**27,265**	**621**	**1,750**
Eastern Energy Co Ltd	**223,885**	**146,246**	**150,253**	**19,220**	**99,052**	**643,972**	**27,156**	**621**	**5,655**
Usinest Limited	**98,638**	**35,844**	**35,385**	**22,713**	**35,305**	**29,729**	**19,422**	**(8,843)**	**-**
Refinest Limited	**203**	**281,203**	**121,126**	**38,035**	**-**	**-**	**9,935**	**737**	**-**
Constance Corporate Management Limited	**55,969**	**29,646**	**40,519**	**36,252**	**-**	**70,402**	**4,259**	**-**	**-**
2017									
Consolidated Energy Co Ltd	194,397	172,605	133,592	20,537	-	620,734	44,799	210	3,750
Eastern Energy Co Ltd	188,088	191,116	144,611	20,537	106,154	620,734	22,585	105	12,155
Usinest Limited	263,047	9,304	26,057	13,019	28,161	35,301	(19,486)	(2,412)	-
Refinest Limited	17,111	285,455	18,245	53,250	-	-	(5,661)	8,823	-

(c) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	Opening net assets MUR'000	Additions MUR'000	Disposal/ repayment MUR'000	Results net of dividends MUR'000	Other comprehensive income for the year MUR'000	Closing net assets MUR'000	Ownership interests %	Interest in associates MUR'000
2018								
Consolidated Energy Co Ltd	**212,873**	**-**	**-**	**2,273**	**(3,833)**	**211,313**	**5.00**	**10,567**
Eastern Energy Co Ltd	**107,902**	**-**	**-**	**1,007**	**(1,886)**	**107,023**	**32.10**	**34,354**
Usinest Limited	**205,114**	**-**	**-**	**38,256**	**(6,713)**	**236,657**	**34.81**	**82,380**
Refinest Limited	**231,071**	**19,482**	**(5,041)**	**4,789**	**737**	**251,038**	**35.77**	**89,796**
Constance Corporate Management Limited	**-**	**18,000**	**-**	**15,710**	**(20,920)**	**12,790**	**50.00**	**6,395**
								223,492
2017								
Consolidated Energy Co Ltd	242,864	-	-	(30,201)	210	212,873	5.00	10,645
Eastern Energy Co Ltd	123,079	-	-	(15,282)	105	107,902	32.10	34,638
Usinest Limited	227,012	-	-	(19,486)	(2,412)	205,114	34.81	71,400
Refinest Limited	244,948	20,962	(38,001)	(5,661)	8,823	231,071	35.77	82,654
								199,337

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		THE GROUP					THE COMPANY				
		2018				2017	2018				2017
	Financial assets at fair value through other comprehensive income	**Listed Level 1 Official Market**	**Listed Level 1 DEM**	**Unquoted Level 3**	**Total**	Total	**Listed Level 1 Official Market**	**Listed Level 1 DEM**	**Unquoted Level 3**	**Total**	Total
		MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000
(a)	At January 1,	**21,030**	**17,717**	**10,840**	**49,587**	45,142	**21,030**	**17,717**	**10,819**	**49,566**	45,121
	Additions	**-**	**-**	**-**	**-**	130	**-**	**-**	**-**	**-**	130
	Change in fair value recognised in OCI	**1,227**	**(1,560)**	**(285)**	**(618)**	4,315	**1,227**	**(1,560)**	**(285)**	**(618)**	4,315
	At December 31,	**22,257**	**16,157**	**10,555**	**48,969**	49,587	**22,257**	**16,157**	**10,534**	**48,948**	49,566

(b) Financial assets measured at fair value through other comprehensive income include the Group's equity investments not held for trading and debt securities held to collect and sell. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income as more appropriate for its strategic investments as compared to fair value through profit or loss.

(c) The fair value of quoted shares are based on prices listed on the Official Market and DEM respectively. The unquoted shares are valued on the basis of last reference price.

(d) None of the above financial assets are impaired.

11 DEFERRED EXPENDITURE

	THE GROUP AND THE COMPANY	
	2018	2017
	MUR'000	MUR'000
Land development expenditure		
At January 1,	**5,097**	5,003
Additions	**327**	94
At December 31,	**5,424**	5,097

Land development expenditure relates to cost incurred for the development of land into a saleable condition.

12 DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2017: 15%). There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Deferred tax assets	**58,652**	53,505

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

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
At January 1,	**53,505**	59,648
Profit or loss credited/(charged) (note 28)	**7,843**	(8,456)
Other comprehensive income	**(2,696)**	2,313
At December 31,	**58,652**	53,505

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity is as follows:

Deferred tax assets

	THE GROUP AND THE COMPANY				
	Accelerated tax depreciation MUR'000	**Retirement benefit obligations MUR'000**	**Tax losses carried forward MUR'000**	**Provisions and other costs MUR'000**	**Total MUR'000**
At January 1, 2017	4,380	31,810	17,264	6,194	59,648
Credited to other comprehensive income	-	2,313	-	-	2,313
(Charged)/credited to profit or loss	4,326	1,171	(13,937)	(16)	(8,456)
At December 31, 2017	8,706	35,294	3,327	6,178	53,505
Charged to other comprehensive income	-	(2,696)	-	-	(2,696)
Credited to profit or loss	3,335	2,763	444	1,301	7,843
At December 31, 2018	**12,041**	**35,361**	**3,771**	**7,479**	**58,652**

13 CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP AND THE COMPANY	
	2018	2017
	MUR'000	MUR'000
At January 1,	**15,288**	33,156
Changes in fair value	**(2,043)**	(17,868)
At December 31,	**13,245**	15,288

Consumable biological assets consist of Livestock and were made up of some 1,900 deers and 89,000 chicks.

The fair value measurements have been categorised as Level 3 fair value based on the inputs to the valuation techniques.

14 INVENTORIES

	THE GROUP AND THE COMPANY	
	2018	2017
	MUR'000	MUR'000
At Cost/Net realisable value		
Spare parts	**573**	522
Fertilizers and herbicides	**3,418**	4,009
Irrigation equipment & others	**1,767**	1,896
	5,758	6,427

The cost of inventories recognised as expense amounted to MUR 37.9 million (2017: MUR 42.9 million).

15 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Trade receivables	**44,379**	67,721	**44,379**	67,721
Less: Provision for impairment	**(2,804)**	-	**(2,804)**	-
Net trade receivables	**41,575**	67,721	**41,575**	67,721
Receivable from group companies:				
- Subsidiary companies	**-**	-	**-**	1,403
- Associated companies	**-**	951	**-**	951
Other receivables	**-**	71,122	**-**	69,189
	41,575	139,794	**41,575**	139,264

15 TRADE AND OTHER RECEIVABLES (continued)

(i) *Impairment of Trade receivables*

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the cummulative loss allowance as at 31 December 2018 in compliance with IFRS 9 was determined as follows for trade receivables:

At December 31, 2018	Current MUR'000	Less than 3 months past due MUR'000	Less than 6 months past due MUR'000	More than 6 months past due MUR'000	Total MUR'000
Expected loss rate	1.09%	13.69%	46.94%	70.76%	22.28%
Gross carrying amount-trade receivable	38,247	2,620	1,915	1,597	44,379
Loss allowance	(416)	(359)	(899)	(1,130)	(2,804)

The loss allowance for the year ended 31 December 2017 has been accounted in the financial year 2018 due to the insignificance of the amount.

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

(ii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(iii) In previous years, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of receivables.

16 OTHER FINANCIAL ASSETS AT AMORTISED COST

		THE GROUP		THE COMPANY	
		2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
(a)	Receivable from group companies:				
	- Subsidiary companies	**-**	-	**2,047**	-
	- Associated companies	**870**	-	**870**	-
	Other receivables	**74,938**	-	**72,766**	-
		75,808	-	**75,683**	-

(b) Other receivables

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

(c) Impairment and risk exposure

All of the financial assets at amortised cost are denominated in MUR. As a result, there is no exposure to foreign currency risk. No impairment loss was identified on these assets.

17 STATED CAPITAL

		THE GROUP AND THE COMPANY	
		Number of shares	**MUR'000**
(a)	**Issued shares**		
	At December 31, 2018 and 2017	**4,800,000**	**120,000**

(b) The issued ordinary shares are at par value MUR 25 and are fully paid.

18 BORROWINGS

		THE GROUP		THE COMPANY	
		2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
(a)	**Non-current**				
	Bank loan	**205,000**	50,000	**205,000**	50,000
	Other loans	**823**	823	**823**	823
		205,823	50,823	**205,823**	50,823
	Current				
	Bank overdraft	**87,377**	95,662	**87,377**	95,662
	Other loans	**13**	13	**13**	13
		87,390	95,675	**87,390**	95,675
	Total borrowings	**293,213**	146,498	**293,213**	146,498

The bank overdraft and borrowings are secured by fixed and floating charges on the assets of the Group. The rate of interest ranges from 6.50% to 6.75%.

(b) Long term borrowings are analysed as follows:

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Between one year and before two years	**103,150**	50,000
Between two years and before three years	**3,350**	-
Between three years and before five years	**8,400**	-
Later than five years	**90,923**	823
	205,823	50,823

The carrying amount of borrowings are denominated in Mauritian Rupees.

The carrying amount of borrowings are not materially different from the fair values.

19 RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Amounts recognised in the statement of financial position:		
Defined pension benefits (note (a)(ii))	**208,005**	235,294
Analysed as follows:		
Non-current liabilities	**208,005**	235,294
Amounts charged to profit or loss:		
- Defined pension benefits (note (a)(v))	**17,784**	18,846
Amount charged to other comprehensive income:		
- Defined pension benefits (note (a)(vi))	**(31,978)**	15,419

19 RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) **Defined pension benefits**

(i) The Group contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of guaranteed level of pension for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of the fund are held independently and administered by the Sugar Industry Pension Fund under The Sugar Industry Pension Fund Act No 42 of 1955, as subsequently amended.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2018 by AON Hewitt. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Present value of funded obligations	**232,523**	274,939
Fair value of plan assets	**(127,562)**	(136,740)
Deficit of funded plans	**104,961**	138,199
Present value of unfunded obligations	**103,044**	97,095
Total deficit of defined benefit pension plans	**208,005**	235,294
Liability in the statement of financial position	**208,005**	235,294

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

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
At January 1,	**235,294**	212,074
Charged to profit or loss	**17,784**	18,846
Charged to other comprehensive income	**(31,978)**	15,419
Contributions paid	**(13,095)**	(11,045)
At December 31,	**208,005**	235,294

19 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
At January 1,	**372,034**	347,584
Current service cost	**5,189**	5,427
Interest expense	**19,825**	21,889
Employee contributions	**428**	408
Liability experience gain	**(39,894)**	(878)
Liability loss due to change in financial assumptions	**2,620**	19,639
Benefits paid	**(24,635)**	(22,035)
At December 31,	**335,567**	372,034

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

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
At January 1,	**136,740**	135,510
Return on plan assets, excluding interest income	**(5,296)**	3,342
Interest income	**7,230**	8,470
Employee contributions	**428**	408
Contributions by the employer	**6,073**	5,784
Benefits paid	**(17,613)**	(16,774)
At December 31,	**127,562**	136,740

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

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Current service cost	**5,189**	5,427
Net interest expense	**12,595**	13,419
Total included in employee benefit expense	**17,784**	18,846

19 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP AND THE COMPANY	
	2018 **MUR'000**	2017 MUR'000
Liability experience gain	**(39,894)**	(878)
Liability loss due to change in financial assumptions	**2,620**	19,639
Actuarial losses	**(37,274)**	18,761
Return on plan assets excluding interest income	**5,296**	(3,342)
	(31,978)	15,419

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

	THE GROUP AND THE COMPANY	
	2018 **%**	2017 %
Local equities	**29**	29
Overseas equities	**25**	20
Overseas debt	**10**	7
Local debt	**13**	21
Overseas proportion	**0**	2
Local proportion	**23**	21
	100	100

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2018 **%**	2017 %
Discount rate	**5.6**	5.5
Expected return on plan assets	**5.6**	5.5
Future medical plan increases	**5.6**	5.5
Future salary growth rate	**4.1**	4.0
Future pension growth rate	**1.0**	1.0

19 RETIREMENT BENEFIT OBLIGATIONS (continued)

(ix)

Sensitivity analysis on defined benefit obligations at end of the reporting date:	Increase MUR'000	Decrease MUR'000
December 31, 2018		
Discount rate (1% movement)	**24,514**	**20,499**

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

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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

Inherent risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below the rate, it will create a plan deficit and if is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendments, curtailment or settlement during the year.

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

(xii) The Group expects to pay MUR 6.3 million in contributions to its post-employment benefit plans for the year ending December 31, 2019.

(xiii) The weighted average duration of the defined benefit obligation is 11 years at the end of the reporting period (2017: 5-9 years).

20 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Trade payables	**8,192**	14,250	**8,192**	14,250
Payable to group companies:				
- Associated companies	**17,209**	6,722	**17,209**	6,722
Other payables	**38,449**	38,122	**38,449**	37,456
Provision VRS costs (see below)	**25,479**	25,478	**25,479**	25,478
SIFB premium	**3,675**	6,862	**3,675**	6,862
	93,004	91,434	**93,004**	90,768

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

Provision for VRS costs consist mainly of estimates in respect of infrastructural and other eligible costs to be incurred towards implementing the provisions of the VRS II.

21 DIVIDENDS

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Amounts recognised as distributions to equity holders in the year:		
Proposed and paid: Nil (2017: MUR 4.50 per share)	**-**	21,600

22 REVENUE

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Sugar	**85,967**	141,302
Molasses/Distillers & Bottlers contribution	**14,247**	12,757
Bagasse/Sugar Cane Sustainability Fund	**12,813**	4,927
	113,027	158,986

23 OTHER OPERATING REVENUE

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Transport	**6,295**	6,907	**6,295**	6,907
Sale of livestock	**62,400**	57,586	**62,400**	57,586
Rent/leased land	**10,529**	11,156	**10,529**	11,156
Others	**13,843**	13,373	**13,020**	12,550
	93,067	89,022	**92,244**	88,199

24 COMPENSATION FROM THE SUGAR INSURANCE FUND BOARD (SIFB)

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Compensation from the SIFB	**13,168**	14,364

25 OPERATING LOSS

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Included in operating expenses:				
Wages and salaries	**111,918**	117,281	**111,918**	117,281
Cost of inventories	**37,882**	42,904	**37,882**	42,904
Payment to contractors	**24,210**	25,185	**24,210**	25,185
Depreciation and amortisation	**11,854**	21,556	**11,824**	21,469
Impairment loss on bearer plants	**4,902**	34,119	**4,902**	34,119
Administrative expenses	**9,650**	8,040	**9,650**	8,040
SIFB Premium	**3,747**	6,832	**3,747**	6,832

26 OTHER INCOME

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Profit on sale of property, plant and equipment	**455**	953	**455**	953
Profit on sale of land	**27,508**	1,860	**27,508**	1,860
Profit on sale of developed land	**-**	403	**-**	403
Dividend income - Listed	**1,249**	5,465	**1,249**	5,465
- Associates	**-**	-	**7,406**	15,905
Interest income	**6,415**	55	**6,415**	55
Share of results of subsidiary	**-**	-	**(74)**	(61)
	35,627	8,736	**42,959**	24,580

27 FINANCE COSTS

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Interest expense		
- bank loans and overdrafts	**8,566**	5,758
- others	**332**	405
	8,898	6,163

28 TAXATION

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Deferred income taxes (note 12)	**(7,843)**	8,456

28 TAXATION (continued)

The tax on the Group's and the Company's loss before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Loss before taxation	**(30,155)**	(108,917)	**(52,351)**	(93,503)
Share of results of associated companies	**29,486**	(682)	**-**	-
	(669)	(109,599)	**(52,351)**	(93,503)
Tax calculated at a rate of 15% (2017: 15%)	**(100)**	(16,440)	**(7,853)**	(14,025)
Income not subject to tax	**(4,970)**	(1,277)	**(6,268)**	(4,482)
Expenses not deductible for tax purposes	**1,666**	7,327	**1,666**	7,327
Deferred tax rate differential on corporate social responsibility tax	**(4,846)**	-	**(5,108)**	-
Unrelieved tax losses	**2,673**	5,714	**2,673**	5,714
Tax losses for which no deferred tax asset was recognised	**2,602**	11,198	**11,388**	8,783
Other adjustments	**(4,868)**	1,934	**(4,341)**	5,139
	(7,843)	8,456	**(7,843)**	8,456

29 LOSS PER SHARE

		THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
Loss for the year	MUR'000	**(22,312)**	(117,373)	**(44,508)**	(101,959)
Number of ordinary shares in issue		**4,800,000**	4,800,000	**4,800,000**	4,800,000
Loss per share	MUR	**(4.65)**	(24.45)	**(9.27)**	(21.24)

30 OTHER RESERVES

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Surplus on revaluation of land and buildings	**148,072**	149,444
Reserve for modernisation and agricultural diversification	**12,520**	12,520
	160,592	161,964

31 NOTES TO THE STATEMENTS OF CASH FLOW

(a) **Cash generated from operations**

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Cash generated from operations				
Loss before taxation	**(30,155)**	(108,917)	**(52,351)**	(93,503)
Adjustments:				
Retirement benefit obligations	**17,784**	18,846	**17,784**	18,846
Depreciation and amortisation	**11,853**	21,556	**11,823**	21,469
Impairment losses on bearer plants	**4,902**	34,119	**4,902**	34,119
Profit on sales of property, plant and equipment	**(455)**	(953)	**(455)**	(953)
Profit on sales of land	**(27,508)**	(1,860)	**(27,508)**	(1,860)
Profit on sales of developed land	**-**	(403)	**-**	(403)
Dividend income	**(1,249)**	(5,465)	**(1,249)**	(5,465)
Interest income	**(6,415)**	(55)	**(6,415)**	(55)
Interest expense	**8,898**	6,163	**8,898**	6,163
Associated companies				
- Share of profit	**(29,486)**	(682)	**-**	-
- Dividend income	**-**	-	**(7,406)**	(15,905)
Changes in working capital				
- consumable biological assets	**2,043**	17,868	**2,043**	17,868
- trade receivables	**21,425**	25,391	**20,978**	25,300
- inventories	**669**	(730)	**669**	(730)
- trade and other payables	**1,571**	1,999	**2,236**	1,927
Cash (used in)/generated from operations	**(26,123)**	6,877	**(26,051)**	6,818

(b) **Cash and cash equivalents**

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Cash in hand and at bank	**275**	1,071	**259**	933
Bank overdrafts	**(87,377)**	(95,662)	**(87,377)**	(95,662)
Cash and cash equivalents	**(87,102)**	(94,591)	**(87,118)**	(94,729)

32 CONTINGENT LIABILITIES

At December 31, 2018 and December 31, 2017, the Group had no contingent liability in respect of bank and other guarantees.

The quantum of land to be granted to the Empowerment Program for social and infrastructural projects under the 2,000 Arpents scheme is 53.76A (2017: 53.76A).

33 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Capital expenditure authorised but not yet contracted	**64,279**	-

34 RELATED PARTY TRANSACTIONS

THE GROUP

	Sale of goods or services		Purchase of goods or services		Finance income/ (Finance cost)		Management fees		Amount receivable/ (payable)	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000	**2018 MUR'000**	2017 MUR'000	**2018 MUR'000**	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Associates	**113**	109	**50**	50	**6,363**	-	**15,799**	1,723	**(16,339)**	(5,771)
Enterprises that have common shareholders	**2,607**	3,436	**10,786**	15,090	**98**	-	**-**	-	**572**	(661)
Directors and key management personnel	**1,333**	1,149	**-**	-	**-**	-	**-**	-	**347**	639

THE COMPANY

	Sale of goods or services		Purchase of goods or services		Finance income/ (Finance cost)		Management fees		Amount receivable/ (payable)	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000	**2018 MUR'000**	2017 MUR'000	**2018 MUR'000**	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Subsidiaries	**101**	73	**-**	-	**-**	-	**-**	-	**2,047**	1,403
Associates	**113**	109	**-**	-	**6,363**	-	**15,799**	17,623	**(16,339)**	(5,771)
Enterprises that have common shareholders	**2,607**	3,436	**10,786**	15,090	**98**	-	**-**	-	**572**	(661)
Directors and key management personnel	**1,333**	1,149	**-**	-	**-**	-	**-**	-	**347**	639

(a) Related party transactions have been made in the normal course of business under normal terms and conditions.

(b) The oustanding balances at year end are unsecured, interest free and settlement occurs in cash.

(c) There has been no guarantees provided or received for any related party receivables and payables.

(d) For the year ended 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: Nil).

34 RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation

	THE GROUP AND THE COMPANY	
	2018 MUR'000	2017 MUR'000
Salaries and short-term employee benefits	**9,499**	9,664
Post-employment benefits	**467**	434
	9,966	10,098

35 SEGMENTAL INFORMATION

Operating segments are reported based on strategic business units that offer different products.

THE GROUP

Business segments	**Agricultural products and related activities MUR'000**	**Livestock and aquaculture MUR'000**	**Other activities MUR'000**	**Total MUR'000**
Year ended December 31, 2018				
Revenue	142,515	63,650	13,097	219,262
Operating segment results	(76,830)	18,621	(28,161)	(86,370)
Other income	-	-	35,627	35,627
Segment results	(76,830)	18,621	7,466	(50,743)
Finance cost				(8,898)
Loss on ordinary activities				(59,641)
Share of results of associates				29,486
Loss before taxation				(30,155)
Taxation				7,843
Loss for the year				(22,312)

35 SEGMENTAL INFORMATION (continued)

THE GROUP	Agricultural products and related activities MUR'000	Livestock and aquaculture MUR'000	Other activities MUR'000	Unallocated MUR'000	Total MUR'000
At December 31, 2018					
Assets					
Segment assets	407,302	27,260	209,794	-	644,356
Unallocated assets	-	-	-	337,082	337,082
					981,438
Liabilities					
Segment liabilities	419,259	1,674	81,397	-	502,330
Unallocated liabilities				91,892	91,892
					594,222
Other information					
Capital expenditure	21,848	70	106,287	-	128,205
Depreciation and amortisation	7,350	1,079	3,425	-	11,854

Operating segments are reported based on strategic business units that offer different products.

THE GROUP Business segments	Agricultural products and related activities MUR'000	Livestock and aquaculture MUR'000	Other activities MUR'000	Total MUR'000
Year ended December 31, 2017				
Revenue	188,918	58,872	14,582	262,372
Operating segment results	(103,144)	18,708	(27,736)	(112,172)
Other income	-	-	8,736	8,736
Segment results	(103,144)	18,708	(19,000)	(103,436)
Finance cost				(6,163)
Loss on ordinary activities				(109,599)
Share of results of associates				682
Loss before taxation				(108,917)
Taxation				(8,456)
Loss for the year				(117,373)

35 SEGMENTAL INFORMATION (continued)

THE GROUP	Agricultural products and related activities MUR'000	Livestock and aquaculture MUR'000	Other activities MUR'000	Unallocated MUR'000	Total MUR'000
At December 31, 2017					
Assets					
Segment assets	422,224	31,160	105,334	-	558,718
Unallocated assets	-	-	-	308,702	308,702
					867,420
Liabilities					
Segment liabilities	299,386	3,644	71,493	-	374,523
Unallocated liabilities				98,703	98,703
					473,226
Other information					
Capital expenditure	26,606	628	22,808	-	50,042
Depreciation and amortisation	17,225	1,084	3,247	-	21,556

36 CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements

IFRS 9 and IFRS 15 were adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended December 31, 2017 but are recognised in the opening reserves on January 1, 2018. However, the adjustment relating to the year ended 31 December 2017 is not material and has been accounted in the year ended 31 December 2018.

The following tables show the reclassification adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Balance sheet (extract)	December 31, 2017 MUR'000	IFRS 9 MUR'000	January 1, 2018 Restated MUR'000
Current assets			
Trade and other receivables	**139,794**	**(139,794)**	-
Trade receivables	**-**	**67,721**	67,721
Other financial assets at amortised cost	**-**	**71,659**	71,659
Prepayments	**-**	**414**	414

36 CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9 Financial Instruments

(i) *Impairment of financial assets*

The Group's trade receivables for sales of other diversification products is subject to IFRS 9's new expected credit loss model.

The Group was required to revise its impairment methodology under IFRS 9 for its trade receivables. The impact of the change in impairment methodology on the Group was not material and has been accounted in profit or loss for the year ended December 31, 2018.

Cash and cash equivalents of the Company are assessed of low credit risk and accordingly considering 12 month expected credit loss approach, there is no impairment of these financial assets.

Trade receivables

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

(ii) *Classification and measurement*

On January 1, 2018, management has assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories. There were no main effects resulting from this reclassification.

(c) IFRS 15 Revenue from Contracts with customers

IFRS 15 Revenue from Contracts with customers has no significant impact to the Company. There are no changes to the amounts reported in the financial statements year ended December 31, 2018 under IFRS 15 to the amounts that would have been reported had the Company continued to report in accordance with IAS 18. There is no impact on the retained earnings as at January 1, 2018.

Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of the shareholders of Constance La Gaieté Company Limited will be held on Friday 28th June 2019, at 10.30 a.m. in the Boardroom of Constance Group, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, to transact the following business:

1. To consider the Annual Report for the year ended 31st December 2018
2. To receive the report of BDO & Co., the External Auditors of the Company
3. To adopt the Audited Financial Statements of the Company and the Group for the year ended 31st December 2018
4. To authorise the Board of Directors to fix the remuneration of the External Auditors, BDO & Co., who have expressed their willingness to continue to act as external auditors of the Company and will be automatically reappointed
5. To approve Directors' fees
6. To authorise Mr George J. Dumbell to continue to hold office as a Director of the Company in accordance with section 138 (6) of the Companies Act 2001
7. By separate resolutions, and in accordance with article 21.2 (1) of the Constitution of the Company, to re-elect the following persons who, retiring by rotation, offer themselves for re-election as Directors of the Company:
    a. Mrs Georgina ROGERS
    b. Mr Clément D. REY
    c. Mr Nicolas BOULLÉ
8. Shareholders' questions

By order of the Board

Marie-Anne Adam, ACIS
For La Gaieté Services Ltd
Secretaries

30th April 2019

Notes

A member of the Company who is entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his/her stead. A proxy does not need to be a member of the Company.

The instrument appointing a proxy, any general power of attorney or written resolution appointing a representative should reach the Company Secretary at the registered office of the Company, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, not less than 24 hours prior to the time scheduled for the meeting, i.e. by 09.30 a.m. on Thursday, 27th June 2019 (being the last business day before the meeting). In default, the instrument of proxy shall not be treated as valid.

A proxy form is included in this Annual Report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the Directors have resolved, in compliance with section 120 of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 3rd June 2019.

Proxy Form

I/We

of

being a member of Constance La Gaieté Company Limited, hereby appoint

or failing him/her,

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held on Friday 28th June 2019, at 10.30 a.m., and at any adjournment thereof

I/We desire this proxy to be used (see Note 1) as follows:

		For	Against	Abstain
3	To adopt the Audited Financial Statements of the Company and the Group for the year ended 31st December 2018.			
4	To authorise the Board of Directors to fix the remuneration of the External Auditors, BDO & Co., who have expressed their willingness to continue to act as External Auditors of the Company and will be automatically reappointed.			
5	To approve Directors' fees.			
6	To authorise Mr George J. Dumbell to continue to hold office as a Director of the Company, in accordance with section 138 (6) of the Companies Act 2001.			
7	By separate resolutions, and in accordance with article 21.2 (1) of the Constitution of the Company, to re-elect the following persons who, retiring by rotation, offer themselves for re-election as Directors of the Company: a. Mrs Georgina ROGERS b. Mr Clément D. REY c. Mr Nicolas BOULLÉ			

Dated this day of 2019

Signature (s)

Notes

Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes or whether or not he/she abstains from voting.

The instrument appointing a proxy, any general power of attorney or written resolution appointing a representative should reach the Company Secretary at the registered office of the Company, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, not less than 24 hours prior to the time scheduled for the meeting, i.e. by 9.30 a.m. on Thursday 27th June 2019 (being the last business day before the meeting). In default, the instrument of proxy shall not be treated as valid.

For the purpose of this Annual Meeting, the Directors have resolved, in compliance with section 120 of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 3rd June 2019.

Notes

Constance La Gaieté
Company Limited

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