

# THE UNION SUGAR ESTATES COMPANY LIMITED AND ITS SUBSIDIARIES

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

## ABRIDGED STATEMENT OF FINANCIAL POSITION

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	2,963,701	2,426,095
Current assets	351,117	232,188
Non-current assets classified as held for sale	82,297	32,630
<b>Total assets</b>	<b>3,397,115</b>	<b>2,690,913</b>
<b>EQUITY AND LIABILITIES</b>		
Owners' interest	1,541,950	1,657,616
Non-controlling interests	18,568	25,566
Non-current liabilities	1,455,103	578,892
Current liabilities	381,494	428,839
<b>Total equity and liabilities</b>	<b>3,397,115</b>	<b>2,690,913</b>

## ABRIDGED STATEMENT OF CASHFLOW

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Net cash (used in)/generated from operating activities	(52,609)	68,185
Net cash used in investing activities	(681,813)	(6,987)
Net cash generated from/(used in) financing activities	876,951	(62,965)
Increase/(decrease) in cash and cash equivalents	142,529	(1,767)
<b>Movement in cash and cash equivalents</b>		
At 1 January,	(77,447)	(75,680)
Increase/(decrease)	142,529	(1,767)
At 31 December,	65,082	(77,447)

## SEGMENTAL INFORMATION - THE GROUP

Business segments	AGRO	LEISURE	OTHERS	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Year ended</b>				
<b>31 December 2018</b>				
Revenue from external customers	128,231	347,173	16,725	492,129
Operating (loss)/profit	(46,593)	40,552	(14,974)	(21,015)
<b>Year ended</b>				
<b>31 December 2017</b>				
Revenue from external customers	144,820	574,195	16,443	735,458
Operating (loss)/profit	(65,896)	53,202	(18,184)	(30,878)

## ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Revenue	492,129	735,458
Operating loss before impairment of bearer plants	(4,564)	(13,377)
Impairment of bearer plants	(16,451)	(17,501)
Operating loss	(21,015)	(30,878)
Other income	15,672	14,585
	(5,343)	(16,293)
Net finance costs	(29,876)	(50,540)
Loss from ordinary activities	(35,219)	(66,833)
Share of result of associates	(1,470)	3,016
Loss before exceptional items	(36,689)	(63,817)
Exceptional items	(49,322)	(32,094)
Closure costs	(92,024)	-
Loss before taxation	(178,035)	(95,911)
Taxation	33,631	(5,682)
Loss for the year	(144,404)	(101,593)
Other comprehensive income for the year	13,308	(20,319)
<b>Total comprehensive income for the year</b>	<b>(131,096)</b>	<b>(121,912)</b>
<b>Results attributable to:</b>		
Owners of the parent	(125,822)	(101,713)
Non-controlling interests	(18,582)	120
	(144,404)	(101,593)
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	(113,924)	(121,201)
Non-controlling interests	(17,172)	(711)
	(131,096)	(121,912)
Loss per share	Rs. (6.66)	(5.38)
Number of ordinary shares (000)	18,900	18,900

## ABRIDGED STATEMENT OF CHANGES IN EQUITY

THE GROUP	Attributable to owners of the parent					
	Share capital	Revaluation and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 January 2018	18,900	1,415,980	222,736	1,657,616	25,566	1,683,182
- as previously reported	-	-	-	-	-	-
- effect of changes in accounting policies	-	-	-	-	-	-
- as restated	18,900	1,415,980	222,736	1,657,616	25,566	1,683,182
Loss for the year	-	-	(125,822)	(125,822)	(18,582)	(144,404)
Other comprehensive income for the year	-	11,898	-	11,898	1,410	13,308
Total comprehensive income for the year	-	11,898	(125,822)	(113,924)	(17,172)	(131,096)
Revaluation surplus released on disposal of land	-	(3,750)	3,750	-	-	-
Consolidation adjustment	-	98	(1,840)	(1,742)	1,742	-
Issue of shares	-	-	-	-	8,432	8,432
<b>Balance at 31 December 2018</b>	<b>18,900</b>	<b>1,424,226</b>	<b>98,824</b>	<b>1,541,950</b>	<b>18,568</b>	<b>1,560,518</b>
Balance at 1 January 2017	18,900	1,435,468	324,449	1,778,817	26,277	1,805,094
Loss for the year	-	-	(101,713)	(101,713)	120	(101,593)
Other comprehensive income for the year	-	(19,488)	-	(19,488)	(831)	(20,319)
Total comprehensive income for the year	-	(19,488)	(101,713)	(121,201)	(711)	(121,912)
<b>Balance at 31 December 2017</b>	<b>18,900</b>	<b>1,415,980</b>	<b>222,736</b>	<b>1,657,616</b>	<b>25,566</b>	<b>1,683,182</b>

## NOTES

- The abridged consolidated financial statements have been prepared based on the financial statements which have been audited by BDO & Co and prepared in accordance with International Financial Reporting Standards and on the basis of the accounting policies set out in the audited financial statements of the group for the year ended 31 December 2018.
- The activities of the company consist of growing and cultivation of sugar cane and other agricultural products. The subsidiaries are engaged mainly in hotel keeping and catering.
- Performance review:
  - The revenue of the group has decreased from Rs 735m last year to Rs 492m this year.
  - The Agro segment has recorded a decrease of Rs 17m in revenue due to drop in net sugar proceeds derived from current year's crop which has been negatively impacted by a drastic fall in the sugar price accrued for the year ended 31 December 2018 compared to last year. Revenue in the leisure segment has decreased by Rs 227m due to closure of Preskil Island Resort since the last week of April 2018 for renovation works.
  - The group has recorded an operating loss of Rs 21m for the year ended 31 December 2018 compared to Rs 31m last year. The results in the Agro segment have improved by Rs 19m due to a favourable variance of Rs 27m arising from the fair value movement in standing cane and despite a fall in revenue of Rs 17m.
 

As far as the leisure segment is concerned, operating profit for the year ended 31 December 2018 amounted to Rs 41m compared to Rs 53m last year. The results are not fully comparable to last year's figure due to closure of Preskil Island Resort and to the reclassification of part of its operating expenses under closure costs. However, it is to be noted that both resorts have registered an improved yield in terms of higher room rates and reduction in expenses due to better costs containment and lower maintenance costs compared to last year. Hence, Solana Beach has recorded a profit after tax of Rs 13m compared to a loss of Rs 25m last year. Solana Beach has also recorded an occupancy rate of 79% for the year under review while the industry average stood at 75%.
  - Net finance costs for the year 2018 has decreased by Rs 21m mainly due to a positive variance of Rs 17m on net foreign exchange differences arising mainly from the retranslation of its borrowings in foreign currency as at 31 December 2018.
  - Exceptional items include an amount of Rs 74m in respect of a loss on assets scrapped as a result of the renovation of Preskil Island Resort which has been mitigated by a profit on disposal of land of Rs 22m.
  - An amount of Rs 92m has been recorded as closure costs which arose as a result of the renovation of Preskil Island Resort.
  - Occupancy rate and results for the first quarter 2019 for Solana Beach have exceeded forecasts and look promising for the next quarter.
  - All the above factors have resulted in a loss after tax of Rs 144m for the year ended 31 December 2018 compared to Rs 102m for last year.
  - Following the implementation of new accounting standards (IFRS 15), no profit on disposal of morcellement land could be recognised in year 2018, hence deferred to year 2019 and estimated to Rs 41m for the company.
  - The opening of Preskil Island Resort is scheduled for mid May 2019. The renovation, with a new concept and architecture, will substantially enhance the quality of the hotel and reposition it in the luxury segment.

By order of the Board  
**Navitas Corporate Services Ltd**  
**Company Secretary**

This 25<sup>th</sup> of March 2019

The Board of Directors accepts full responsibility for the accuracy of the information contained in the above audited financial statements.  
 Copies of the abridged audited financial statements are available to the public, free of charge, at Union Corporate Limited, Riche en Eau, St Hubert.  
 The Statement of interests of officers of the company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request to the Secretary, free of charge, at C/O Navitas Corporate Services Ltd, Navitas House, Robinson Road, Floréal.  
 This statement is issued pursuant to DEM RULE 18 and Securities Act 2005.