

# THE UNION SUGAR ESTATES COMPANY LIMITED AND ITS SUBSIDIARIES

## UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	THE GROUP		
	Quarter ended		Year Ended
	31 March 2019 Rs'000 Unaudited	31 March 2018 Rs'000 Unaudited	31 December 2018 Rs'000 Audited
<b>ASSETS</b>			
Non-current assets	3,106,759	2,430,834	2,963,701
Current assets	237,870	210,393	351,117
Non-current assets classified as held for sale	72,927	31,401	82,297
<b>Total assets</b>	<b>3,417,556</b>	<b>2,672,628</b>	<b>3,397,115</b>
<b>EQUITY AND LIABILITIES</b>			
Owners' interests	1,534,654	1,684,450	1,541,950
Non-controlling interests	12,568	30,194	18,568
Non-current liabilities	1,451,532	574,190	1,455,103
Current liabilities	418,802	383,794	381,494
<b>Total equity and liabilities</b>	<b>3,417,556</b>	<b>2,672,628</b>	<b>3,397,115</b>

### UNAUDITED CONDENSED STATEMENT OF CASHFLOWS

	THE GROUP		
	Quarter ended		Year Ended
	31 March 2019 Rs'000 Unaudited	31 March 2018 Rs'000 Unaudited	31 December 2018 Rs'000 Audited
Net cash generated from/(used in) operating activities	23,292	49,786	(52,609)
Net cash (used in)/generated from investing activities	(119,442)	645	(681,813)
Net cash (used in)/generated from financing activities	(7,389)	(12,307)	876,951
(Decrease)/increase in cash and cash equivalents	(103,539)	38,124	142,529
<b>Movement in cash and cash equivalents</b>			
At 1 January,	65,082	(77,447)	(77,447)
(Decrease)/increase	(103,539)	38,124	142,529
At 31 March /31 December,	<b>(38,457)</b>	<b>(39,323)</b>	<b>65,082</b>

### SEGMENTAL INFORMATION - THE GROUP

Business segments	AGRO	LEISURE	OTHERS	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Unaudited quarter to 31 March 2019</b>				
Revenue from external customers	5,225	73,200	4,568	82,993
Operating profit/(loss)	6,336	11,434	(4,013)	13,757
<b>Unaudited quarter to 31 March 2018</b>				
Revenue from external customers	4,216	161,160	4,399	169,775
Operating (loss)/profit	(9,726)	35,801	(3,296)	22,779

### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP		
	Quarter ended		Year Ended
	31 March 2019 Rs'000 Unaudited	31 March 2018 Rs'000 Unaudited	31 December 2018 Rs'000 Audited
Revenue	82,993	169,775	492,129
Operating profit/(loss) before impairment of bearer plants	15,708	22,779	(4,564)
Impairment of bearer plants	(1,951)	-	(16,451)
Operating profit/(loss)	13,757	22,779	(21,015)
Other income	1,760	3,026	15,672
	15,517	25,805	(5,343)
Net finance costs	(8,154)	(7,292)	(29,876)
Share of result of associates	792	495	(1,470)
Profit/(loss) before exceptional items	8,155	19,008	(36,689)
Exceptional items	17,851	18,048	(49,322)
Closure costs	(45,818)	-	(92,024)
(Loss)/profit before taxation	(19,812)	37,056	(178,035)
Taxation	6,329	(5,633)	33,631
(Loss)/profit for the period	(13,483)	31,423	(144,404)
Other comprehensive income	187	39	13,308
Total comprehensive income for the period	<b>(13,296)</b>	<b>31,462</b>	<b>(131,096)</b>
<b>(Loss)/profit attributable to:</b>			
Owners of the parent	(7,483)	26,795	(125,822)
Non-controlling interests	(6,000)	4,628	(18,582)
	<b>(13,483)</b>	<b>31,423</b>	<b>(144,404)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	(7,296)	26,834	(113,924)
Non-controlling interests	(6,000)	4,628	(17,172)
	<b>(13,296)</b>	<b>31,462</b>	<b>(131,096)</b>
(Loss)/earnings per share	Rs. (0.40)	1.42	(6.66)
Number of ordinary shares (000)	18,900	18,900	18,900

### UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

THE GROUP	Attributable to owners of the parent					Total equity Rs'000
	Share capital Rs'000	Revaluation and other reserves Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interests Rs'000	
Balance at 1 January 2019	18,900	1,424,226	98,824	1,541,950	18,568	1,560,518
Total comprehensive income for the period	-	187	(7,483)	(7,296)	(6,000)	(13,296)
Revaluation surplus released on disposal of land	-	(980)	980	-	-	-
<b>Balance at 31 March 2019</b>	<b>18,900</b>	<b>1,423,433</b>	<b>92,321</b>	<b>1,534,654</b>	<b>12,568</b>	<b>1,547,222</b>
<b>THE GROUP</b>						
Balance at 1 January 2018	18,900	1,415,980	222,736	1,657,616	25,566	1,683,182
Total comprehensive income for the period	-	39	26,795	26,834	4,628	31,462
<b>Balance at 31 March 2018</b>	<b>18,900</b>	<b>1,416,019</b>	<b>249,531</b>	<b>1,684,450</b>	<b>30,194</b>	<b>1,714,644</b>

### NOTES

1. The interim condensed financial statements for the quarter ended 31 March 2019 are unaudited. The accounting policies and standards used in the preparation of these interim condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2018, except for the adoption of new International Financial Reporting Standards issued which are now effective. This interim report complies with IAS 34 "Interim Financial Reporting".

2. 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. Due to the seasonal nature of the business in which the company operates, turnover is generated during harvest season, that is between July and December.

3. Performance review:

(i) The revenue of the group for the quarter ended 31 March 2019 amounted to Rs 83m compared to Rs 170m for the same quarter last year.

(ii) Revenue in the agro segment for the first quarter 2019 was almost at par with last year. On the other hand, a decrease of Rs 88m was registered in the leisure segment due to closure of Preskil Island Resort since April 2018 for renovation works.

(iii) The group has recorded an operating profit of Rs 14m for the quarter ended 31 March 2019 compared to Rs 23m last year. The results in the Agro segment have improved by Rs 16m mainly due to a favourable variance of Rs 12m arising from the fair value movement in standing cane.

As far as the leisure segment is concerned, operating profit for the quarter under review amounted to Rs 11m compared to Rs 36m last year. The results are not comparable to last year's figure due to closure of Preskil Island Resort. Furthermore, Rs 46m of operating expenses have been consequently classified under closure costs. It is worth noting that the operating results of Solana Beach Mauritius have been very satisfactory for the quarter under review. Despite a decline in tourists arrivals on the island during the first quarter of 2019, occupancy rate at Solana Beach Mauritius rose by 8.6% whereas profit after tax for the quarter increased from Rs 1.5m to Rs 10.6m this year.

(iv) Net finance costs of the group for the quarter under review amounted to Rs 8m and was almost similar to last year.

(v) Exceptional items of Rs 18m for the first quarter of year 2019 related to a profit on disposal of land.

(vi) All the above factors have resulted in a loss after tax of Rs 13m for the quarter ended 31 March 2019 compared to a profit of Rs 31m last year.

4. The opening of Preskil Island Resort being scheduled for mid May 2019, we expect an increase in revenue for the second quarter 2019 for the leisure segment. The renovation, with a new concept and architecture, will substantially enhance the quality of the hotel and reposition it in the luxury segment.

This 14<sup>th</sup> May 2019

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

The Board of Directors accepts full responsibility for the accuracy of the information contained in the above unaudited condensed financial statements. Copies of the unaudited condensed 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 Company Secretary, free of charge, at C/O Navitas Corporate Services Ltd, Navitas House, Robinson Road, Florida.  
This statement is issued pursuant to DEM Rule 17 and Securities Act 2005.