It gives me pleasure once again to introduce Terra’s annual Integrated Report, our second successive integrated report developed in accordance with the ITR’s International <IR> Framework. The aim of this report is to provide Terra’s shareholders and other interested stakeholders, with a concise review of the Group’s performance and governance practices for the financial year, and to outline the Company’s strategic framework for long-term value creation.

I encourage you, as one of Terra’s stakeholders, to read this report and to give us your feedback, both on Terra’s disclosures and its performance, as this will help us in our efforts to drive continuous improvement in our governance practices and the Company’s performance.

A CHALLENGING OPERATING ENVIRONMENT REQUIRING SOME TOUGH DECISIONS

2018 has been a particularly challenging year for the Group, with an exceptionally low world market price of sugar placing significant pressure on the Company and the Group’s revenue, profits and share price. While the low sugar price has impacted sugar producers globally, its effect has been particularly acute in the Mauritian sugar sector, which operates in a unique regulatory and policy context that reflects the country’s social and economic history. Unfortunately, this policy context does currently understand the sector’s ability to be globally competitive, and this is potentially threatening the short to medium term viability of the sugar sector.

It is very difficult to imagine Mauritius without sugar cane, a crop that has been instrumental to and had significant beneficial impact on the country’s history and economic development. The sugar industry supports many livelihoods through direct and indirect employment; it also plays an essential role in supporting the island’s tourism industry through its pleasing visual backdrop and contributes to a greener environment by helping to fight climate change. In many respects, the Mauritian sugar industry is now at a crossroads: given current world market pricing, there is an urgent need for stakeholders across the sugar value chain – farmers, sugar refiners, trade unions, related industry sectors and the Government – to work collectively to find solutions that ensure the sector’s survival in an increasingly competitive global market.

Finding solutions to this challenge will not be easy and will require all of us to stakeholders to take some tough decisions. The Government has a particular responsibility in providing the right policy environment to help the local sugar sector thrive.

Chairman’s Message

In fulfilling this task, we are fortunate to have a Board that brings valuable diversity in skills, experience and perspective, with directors who have worked across different industry sectors, as well as in academia and government. During the reporting period there was one change to the Board membership, with Mr Hubert Harel resigning as a non-executive director after six years of service.

Chairman’s Message (cont’d)

I wish to extend our thanks to Hubert for his valued service, and wish him the best in his new activities. A new non-executive director will be proposed for election at the forthcoming annual general meeting.

DEMET

It is with deep regret that we have learnt the demise of Mr Jean Hugues Maigrot, GOSK, who has been, for several decades, the Group’s notary and has chaired, for almost 10 years, the Board of Hardy Ferre Limited. On behalf of my fellow directors and in my personal name, I convey our warmest condolences to his widow and his family.

APPRECIATION

A company’s ability to deliver value ultimately depends on the effort of its workforce, from the executive and management teams through to employees working in the fields and factories, in offices and on the shop floor. Throughout this challenging year, Terra’s employees have continued to make an invaluable contribution to the Group’s performance and sometimes under very tough conditions. On behalf of the Board I would like to convey our sincere appreciation to Terra’s employees for their continuing motivation and contribution, as well as to Nicolas Maigrot and his dedicated management team for their work in defining and driving the Group’s strategy.

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