

THE UNION SUGAR ESTATES COMPANY LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	THE GROUP		
	Period ended 30 June 2016 Rs'000 Unaudited	30 June 2015 Rs'000 Unaudited	Year Ended 31 December 2015 Rs'000 Audited
ASSETS			
Non-current assets	2,483,415	2,504,305	2,502,985
Current assets	246,823	255,310	284,114
Non-current assets classified as held for sale	37,378	48,097	40,729
Total assets	<u>2,767,616</u>	<u>2,807,712</u>	<u>2,827,828</u>
EQUITY AND LIABILITIES			
Owners' interests	1,762,065	1,785,081	1,774,797
Non-controlling interests	23,573	23,651	23,666
Non-current liabilities	672,240	593,625	710,887
Current liabilities	309,738	405,355	318,478
Total equity and liabilities	<u>2,767,616</u>	<u>2,807,712</u>	<u>2,827,828</u>

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UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP				
	Period ended		Quarter ended		Year Ended
	30 June	30 June	30 June	30 June	31 December
	2016	2015	2016	2015	2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Unaudited	Unaudited	Unaudited	Audited	
Revenue	289,592	283,938	125,810	131,779	700,714
Operating profit/(loss)	67	(35,159)	(15,182)	(33,927)	(3,475)
Other income	7,888	7,766	3,891	3,993	15,543
	7,955	(27,393)	(11,291)	(29,934)	12,068
Net finance costs	(28,464)	(29,259)	(13,591)	(14,458)	(55,110)
Share of result of associates	337	205	(707)	(730)	1,475
Loss before exceptional items	(20,172)	(56,447)	(25,589)	(45,122)	(41,567)
Exceptional items	9,314	2,195	9,152	(1,304)	8,675
Loss before taxation	(10,858)	(54,252)	(16,437)	(46,426)	(32,892)
Taxation	(909)	(2,065)	2,334	194	(285)
Loss for the period	(11,767)	(56,317)	(14,103)	(46,232)	(33,177)
Other comprehensive income	(1,058)	(1,151)	215	(828)	(34,560)
Total comprehensive income for the period	(12,825)	(57,468)	(13,888)	(47,060)	(67,737)
Loss attributable to:					
Owners of the parent	(11,674)	(53,602)	(11,818)	(43,137)	(31,921)
Non-controlling interests	(93)	(2,715)	(2,285)	(3,095)	(1,256)
	(11,767)	(56,317)	(14,103)	(46,232)	(33,177)
Total comprehensive income attributable to:					
Owners of the parent	(12,732)	(54,753)	(11,603)	(43,965)	(65,037)
Non-controlling interests	(93)	(2,715)	(2,285)	(3,095)	(2,700)
	(12,825)	(57,468)	(13,888)	(47,060)	(67,737)
Loss per share	Rs. (0.62)	(2.84)	(0.63)	(2.28)	(1.69)
Number of ordinary shares (000)	18,900	18,900	18,900	18,900	18,900

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

THE GROUP	Attributable to owners of the parent				Non-controlling interests	Total equity
	Share capital	Revaluation and other reserves	Retained earnings	Total		
	Rs'000	Rs'000	Rs'000	Rs'000		
Balance at 1 January 2016	18,900	1,435,540	320,357	1,774,797	23,666	1,798,463
Total comprehensive income for the period	-	(1,058)	(11,674)	(12,732)	(93)	(12,825)
Balance at 30 June 2016	18,900	1,434,482	308,683	1,762,065	23,573	1,785,638

THE GROUP	Attributable to owners of the parent				Non-controlling interests	Total equity
	Share capital	Revaluation and other reserves	Retained earnings	Total		
	Rs'000	Rs'000	Rs'000	Rs'000		
Balance at 1 January 2015	18,900	1,468,656	352,278	1,839,834	26,366	1,866,200
Total comprehensive income for the period	-	(1,151)	(53,602)	(54,753)	(2,715)	(57,468)
Balance at 30 June 2015	18,900	1,467,505	298,676	1,785,081	23,651	1,808,732

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UNAUDITED CONDENSED STATEMENT OF CASHFLOWS

	THE GROUP		
	Period ended 30 June 2016 Rs'000 Unaudited	30 June 2015 Rs'000 Unaudited	Year Ended 31 December 2015 Rs'000 Audited
Net cash generated from operating activities	33,397	29,083	57,265
Net cash generated from investing activities	7,727	3,953	2,115
Net cash used in financing activities	(44,119)	(26,272)	(64,049)
(Decrease)/increase in cash and cash equivalents	(2,995)	6,764	(4,669)
Movement in cash and cash equivalents			
At 1 January,	(88,271)	(83,602)	(83,602)
(Decrease)/increase	(2,995)	6,764	(4,669)
At 30 June/31 December,	(91,266)	(76,838)	(88,271)

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UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

SEGMENTAL INFORMATION - THE GROUP

Business segments	AGRO Rs'000	LEISURE Rs'000	OTHERS Rs'000	TOTAL Rs'000
Unaudited six months to 30 June 2016				
Revenue	<u>13,761</u>	<u>269,415</u>	<u>6,416</u>	<u>289,592</u>
Operating segment results	<u>(10,406)</u>	<u>17,315</u>	<u>(6,842)</u>	<u>67</u>
 Unaudited six months to 30 June 2015				
Revenue	<u>11,037</u>	<u>264,954</u>	<u>7,947</u>	<u>283,938</u>
Operating segment results	<u>(30,549)</u>	<u>2,030</u>	<u>(6,640)</u>	<u>(35,159)</u>

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UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

NOTES

1. The interim condensed financial statements for the period ended 30 June 2016 are unaudited. The accounting policies and standards used in the preparation of these abridged interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2015, except for the adoption of amendments to published standards and interpretations 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 mainly generated during harvest season, that is between July and December.
3. Performance review:
 - (i) The revenue of the group has increased for the period ended 30 June 2016 compared to the same period last year. The Agro segment has been positively impacted on its revenue derived from the previous year's crop due to an adjustment made for an increase in both the final price of sugar as well as production for crop year 2015. Revenue in the Leisure segment has increased by 2% mainly due to a rise in F & B revenue generated from all its resorts.
 - (ii) The Group has recorded an operating profit of Rs 67k for the six months ended 30 June 2016 compared to a loss of Rs 35m for the same period last year. Operating loss in the Agro segment decreased from Rs 31m to Rs 10m due to the combined effect of an increase in revenue, a reduction in expenses due to timing differences and cost savings, as well as a positive variance of Rs 6.5m generated on the fair value movement in standing cane due to an increase in sugar price. Operating profit in the Leisure segment has increased significantly from Rs 2m to Rs 17m due to higher turnover and reduction in expenses arising from better cost containment.
 - (iii) All the above factors have contributed in improving the net results whereby loss before tax for the period ended 30 June 2016 amounted to Rs 11m compared to Rs 54m for the same period last year.

This 8th August 2016

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 Secretary, free of charge, at C/O Navitas Corporate Services Ltd, Navitas House, Robinson Road, Floréal.

This statement is issued pursuant to DEM RULE 17 and Securities Act 2005.