Sugar Investment Trust

Ground Floor, NG Tower, Cybercity, Ebène, Mauritius
Tel: +230 406 4747 | Fax: +230 466 6566
Email: info@sit.mu | Website: www.sit.mu

POSTAGE PREPAID
PL 62

Sugar Investment Trust

ANNUAL REPORT 2018

CORPORATE INFORMATION

Board of Directors

Mr Preetam Boodhun (Chairperson)
Mrs Chandanee Jhowry
Mr Uttam Junkeesaw
Mr Krishna Kistnen
Mr Sobeersen Sanmukhiya
Mr Heymant Rao Anand Sonoo
Mr Daramdev Jhunput
Mr Gilbert Bernadin Legrand
Mr Feroze Peerboccus

Chief Executive Officer

Mr Chittaman Jugroo

Registered Office

Ground Floor, NG Tower, Cybercity, Ebène

Secretaries, Registrar and Transfer Office

SIT Corporate and Secretarial Services Ltd

Legal Advisor

Me Dheerendra Kumar Dabee, G.O.S.K, S.C

Auditors

Mazars

Bankers

SBM Bank (Mauritius) Ltd
Mauritius Commercial Bank Ltd
MauBank Ltd
The Hong Kong and Shanghai Banking Corporation Ltd
AfrAsia Bank Limited
Barclays Bank Mauritius Limited
Bank One Ltd

TABLE OF CONTENTS

OUR VISION MISSION & VALUES

Our Vision

To be among the leading companies through sustainable investments in key viable economic sectors that support capital appreciation and ensure consistent income streams.

Our Mission

To be recognised as the leading organisation in economic empowerment through our drive for excellence, creation and distribution of wealth.

Core values

- Integrity
- Professionalism
- Teamwork
- Passion
- Commitment
- Customer Focus
- Diligence
- Attentiveness

Our Overriding Objective

The overriding objective of the Board and Management is to ensure the company's financial stability, profitability, growth and sustainability to maximise shareholders' wealth with a view to providing an enhanced and consistent dividend distribution and appreciation of share value to all shareholders.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of Sugar Investment Trust, I have the pleasure to present the Annual Report of the Company and its subsidiaries for the financial year ending 30 June 2018 to our shareholders.

The Board Members and the Management have worked in close collaboration to ensure that there is transparency and adherence to the principles of good governance in managing the affairs of the Company and its subsidiaries. SIT is well positioned to address tomorrow's challenges and to continue generating sustainable long term returns for all stakeholders.

Financial Results

There is an increase in profit from Rs. 80 million in 2017 to Rs. 133 million in 2018 at Company level mainly on account of a reduction in finance cost and in administrative expenses.

At Group level, a decrease in profit has been noted from Rs. 76 million in 2017 to Rs. 64 million in 2018. The bold action taken by the Management to control costs has contributed significantly to mitigate the losses of the agricultural operations. The fall in the price of sugar and the decrease in sugar yield for Crop 2017 have led to a decrease in the total revenue of SITLH from Rs. 70 million in 2017 to Rs. 54.7 million in 2018.

The cash flow of the Company has been managed efficiently and the obligations of SIT Group have been honoured to the satisfaction of all stakeholders. The financial performance of the Company has paved the way for the payment of dividend of Rs. 0.04 per share for the year under review.

Property Development Projects

SIT Property Development Ltd, the property development arm of SIT Group, is undertaking Phase 2 and 3 of the residential morcellement over an extent of 20 Arpents at Cote D'Or. There has been a positive response for the reservation of plots in these two morcellements. The formalities pertaining to the parcelling of the remaining residential plots are in progress.

Smart City Project at Le Bouchon

I mentioned last year that a formal Head of Terms had been signed between SITLH and Curzon Holding (Mauritius) Ltd for the development of a Smart City Project at Le Bouchon. The Development Proposal for the said project is under consideration by the Economic Development Board. This project will yield a substantial income in the long run for the benefit of all stakeholders.

Renovation & Refurbishment of the Waterpark

It is a challenge for SIT Group to revive and operate the Waterpark in compliance with International Standards. The services of a Canadian company have been retained for the renovation and refurbishment of the Waterpark. The grand opening of the Waterpark will take place in the near future.

Acknowledgment

All the achievements and good performance of SIT Group would not have been possible without the support of the Board Members; and the dedication and hardwork of the management team and all staff who have demonstrated a sense of belonging to their organisation. I seize this opportunity to thank all those who had brought their valuable contribution for the economic enhancement of the SIT Group.

Preetam Boodhun
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the Annual Report of the Sugar Investment Trust and its subsidiaries (the SIT Group) for the year ended 30 June 2018.

OVERVIEW

The debt restructuring exercise which was implemented in 2017 to redress the financial position of SIT Group has paved the way for the implementation of achievable projects in the financial year 2018 that has yielded positive results coupled with a constant flow of income which has enabled the Group to honour its obligations towards its creditors, shareholders and noteholders.

During the year under review, the SIT Group had proceeded with the development of two residential morcellement projects at Cote D'Or and Deux Bras, over an extent of 9.38 Arpents and 61.56 Arpents of land respectively. The residential morcellement project at Cote D'Or was a huge success where all the 67 lots of land were completely sold out, whereas the project at Deux Bras did not have the same outcome. It was finally resolved that it would not be cost effective to proceed with the Deux Bras project in view of the fact that there was a low demand pertaining to the reservation exercise at the price set up and approved for the said project with the associated risk to recover the investment costs. Alternative course of action are being considered for the development of the land at Deux Bras.

The financial year 2017/2018 was also marked with the renovation of the Waterpark at Belle Mare, which is still ongoing. As you are aware, the Waterpark is currently not operational and has been closed to the public since October 2013 due to the two unfortunate accidents which happened earlier that year. Following my appointment as Chief Executive Officer of the SIT Group in February 2016, it was one of my main missions to revive and operate the Waterpark in compliance with international standards and to make the Waterpark one of the main income generators of the SIT Group. Since the year 2016, with the support of our Board Members, considerable efforts have been made to attract strategic partners for the revival of the Waterpark. However, the proposals received from prospective strategic partners were not cost effective and not in the best interest of the SIT Group. Finally Management has decided to take the challenge to proceed with the renovation and refurbishment of the Waterpark. The services of a Canadian Company have been retained for the refurbishment of the existing slides, supply and installation of new slides, consultancy services, certifications of all slides and training. All the civil works are being managed by the SIT Group. The renovation works are in full swing and the grand opening of the Waterpark is scheduled for this year.

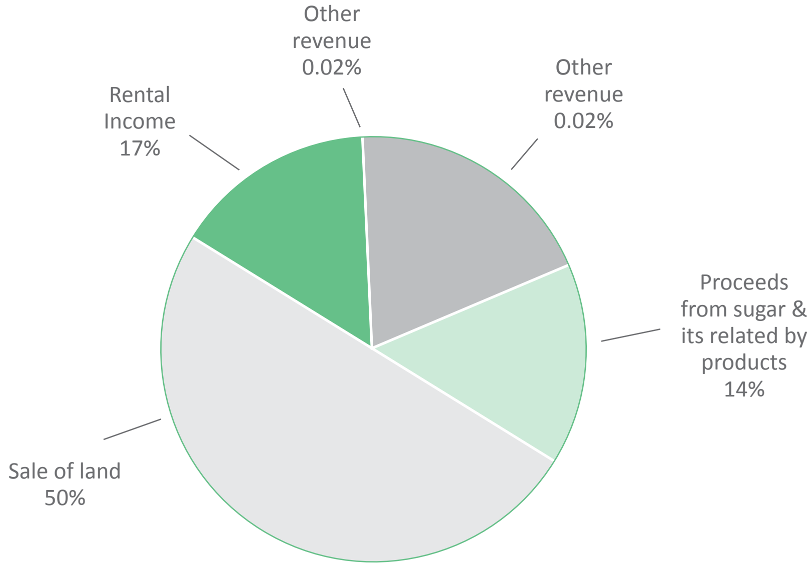
As a public interest entity, the SIT Group is committed to the highest standard of business integrity, transparency and professionalism within the organisation. During the financial year 2017/2018, following an internal inquiry carried out within the Group, Management detected several suspicious financial transactions effected by a former employee of the SIT Group. The matter was referred to the Central Criminal Investigation Department of the police force and investigation is still ongoing.

FINANCIAL PERFORMANCE

At Company level, an increase in profit was noted from Rs. 80 million in 2017 to Rs. 133 million in 2018. This is mainly due to the increase in dividend income received from investee companies and decrease in administrative expenses.

The total revenue for the SIT Group amounted to Rs. 368 million for the year under review, as compared to Rs. 1.27 billion for the year 2017. The fall in income is due to the decrease in revenue generated from the sale of land during the year under review which has also led to the fall in cost of sales from Rs. 1.01 billion in 2017 to Rs. 202 million in 2018. The other income for the SIT Group also climbed from Rs. 31 million in 2017 to Rs. 82 million in 2018, representing an increase of 165%. This is mainly explained by the reversal of a provision of Rs. 35 million and Rs. 15 million generated from the sale of parking lots to the University of Mauritius at The Core Building.

The revenue during the year for the SIT Group is shown below:



During the year under review, a decrease in the administrative expenses was noted from Rs. 132 million in 2017 to Rs. 98 million in 2018 on account of an effective cost reduction management plan which has been set up within the Group. A reduction in the finance costs was also noted which was due to the conversion of bank loans into bonds in the month of April 2017.

Despite having a challenging financial year 2017/2018, the Board has given due consideration to its undertakings and has decided to pay a dividend of Rs. 0.04 per share for the year under review.

PERFORMANCE OF SIT LAND HOLDINGS LTD

All the agricultural operations for the SIT Group are managed by SIT Land Holdings Ltd (SITLH), a subsidiary of the Sugar Investment Trust.

The financial year 2017/2018 has been a challenging one as the decrease in price of sugar has significantly impacted on the revenue of SITLH. As a result, the total revenue generated during the year from proceeds derived from sugar and other related by-products of sugar was Rs. 54.7 million in 2018 as compared to Rs. 70.0 million in 2017. It is however commendable to note that due to a better cost management in 2018, a decrease in administrative expenses by 12 % was recorded as compared to the year 2017.

I wish to highlight that we have also put in place an action plan for the reduction of operating costs. Mechanical spraying of fertilisers has been carried out over an extent of more than 100 hectares of land for the years 2016 and 2017, and same has been extended to around 200 hectares of land for the year 2018. SITLH intends to extend mechanical spraying of fertilisers to at least 80% of its agricultural land in the year 2019. Mechanical spraying of herbicides has been carried out on a pilot basis over 200 hectares of land in 2018 and SITLH intends to extend mechanical spraying of herbicides to at least 80% of its agricultural land as from crop year 2019. Other operating costs such as travelling, overtime and labour costs are being scrutinised and controlled.

SITLH is looking forward to mechanise its sugarcane harvesting activities with a view to reduce labour input, which is getting scarcer and more expensive. For the crop year 2019, an initial 15 hectares of land will be mechanised for sugarcane harvesting and it is expected that for the crop year 2020, around 80 hectares of land will be mechanised.

Moreover, SITLH has made acquisition of a new tractor mounted sprayer and a tractor to further minimise labour input in the agricultural activities of the SITLH. The purchase of a bell loader is also being finalised.

SUGARCANE HARVESTING

As from crop year 2016, SITLH has invited Contractors to submit their best quotations to carry out works pertaining to cutting, loading and transport of sugar cane from fields at Mon Trésor and Britannia to the sugar factory. Bidders are selected on the basis of the technical and financial evaluation of their bids. The said measures adopted by the Company have enabled SITLH to make considerable savings for each crop year, despite the previous increases in the price of diesel.

The total rate per ton paid to Contractors for cutting, loading and transport of sugar cane for both Mon Trésor and Britannia regions for the harvest periods 2015 – 2018 are shown in the table below:

Year	Rate per ton for cutting, loading and transport of sugar cane (Rs.)	
	Mon Trésor Section	Britannia
2015	409.03	614.84
2016	384.00	531.46
2017	355.00	537.60
2018	355.00	563.00

Crop Outlook 2017

For the crop year 2017, sugar cane harvesting started on 03 July 2017 and ended on 28 November 2017. Around 45,041 tons of sugar cane were produced for both Mon Trésor and Britannia region. 3,205 tons of sugar was produced for the crop year 2017. A decrease in sugarcane yield was noted from 69.07 tons per hectare in 2016 to 61.60 tons per hectare in 2017.

The harvest results at Mon Trésor and Britannia are summarised in the table below:

DETAILS		MON TRESOR		BRITANNIA		TOTAL	
		2017	2016	2017	2016	2017	2016
Area Harvested	Ha	358	323	373	384	731	707
Sugar Cane Produced	Tons	19,240	20,771	25,802	28,085	45,042	48,856
Sugar Cane Yield	Tons/Ha	53.70	64.23	69.20	73.14	61.62	69.07
Sugar Produced	Tons	1,331	2,249	1,874	2,835	3,205	5,084
Sugar Yield	Tons/Ha	3.72	6.96	5.03	7.38	4.38	7.19
Extraction Rates	%	6.92	10.78	7.26	10.05	7.12	10.36

Crop Outlook 2018

For the crop year 2018, sugar cane harvesting started on 02 July 2018 and ended on 23 November 2018. 36,676 tons of sugar cane were produced and the sugar extraction rate is at 9.62%.

AGRICULTURAL DIVERSIFICATION PROGRAMME

In view of the instability of the price of sugar in the global market and the dismantling of all secured and guaranteed quotas for Mauritius, SITLH has since the past years moved towards agricultural diversification to reduce the dependency on cane production.

Operation of nursery at St Avold, Britannia

The nursery at St Avold, Britannia currently has over 150 different species of plants. It was set up to produce plants for the property development projects of the SIT Group. The nursery has now been transformed into a business unit to commercialise the plants to other entities of the SIT Group, landscapers and the general public. For the year under review, an increase in revenue was noted from the sale of plants, from Rs. 498,000 in 2017 to Rs. 588,000.

With the re-opening of the Waterpark, several plants from the nursery will be used for landscaping works at Belle Mare and this will eventually boost up the revenue of the Company.

Lease of land to small planters

As part of the Food Security Programme implemented by the Government, SITLH has leased some 200 Arpents of land at Britannia to small planters at concessionary rates for agricultural purposes. Plot occupancy is monitored by SITLH on regular basis.

During the year under review, SITLH had also leased around 87 Arpents of land at Grand Bois to small planters for the cultivation of potato at an annual rental fee of Rs. 18,000 per arpent.

For the financial year ended 30 June 2018, the income derived from the rental of land to small planters was at Rs. 2.9 million as compared to Rs. 1.6 million in 2017, representing an increase of 78%.

Other diversification activities in the pipeline

SITLH is presently setting up an orchard at Ile D'Ambre for the plantation of a variety of fruits. As part of the diversification strategies, SITLH is converting some 8.67 Arpents of land at St Avold, Britannia from sugarcane cultivation to lawn cultivation. It is to be noted that the demand for lawn is increasing day by day and represents an interesting business avenue for the company.

Lastly, as I mentioned last year, a formal Heads of Terms has been signed between SITLH and Curzon Holdings (Mauritius) Ltd for the implementation of a Smart City Project over an extent of 165 Arpents at Le Bouchon. The development proposal has already been submitted to the Economic Development Board for consideration. SITLH will be an equity partner in the said project and will be compensated for the value of the land earmarked for the project.

PERFORMANCE OF SIT PROPERTY DEVELOPMENT LTD

The property development projects of the SIT Group are undertaken by SIT Property Development Ltd (SPDL), a subsidiary of the Sugar Investment Trust (SIT).

During the year 2017/2018, SPDL had undertaken two residential morcellement projects at Cote D'Or and Deux Bras, over an extent of 9.38 Arpents and 61.56 Arpents of land respectively. All the 67 lots of land at Cote D'Or were sold out. As regards the project at Deux Bras, the number of applications received for land reservation was low and in light of same the Board of SPDL resolved not to proceed further in the residential morcellement project at Deux Bras.

I also wish to highlight that in October 2018, SPDL received a Letter of Intent from the Morcellement Board for the development of Phase 3 comprising of 10.63 Arpents of land at Cote D'Or for a residential morcellement project. Option Certificate Holders and the General Public were invited to participate in the reservation of plots of land in December 2018. There has been a good response as for the reservation of plots for Phase 3 of the residential morcellement at Cote D'Or is concerned.

RENOVATION AND REFURBISHMENT OF THE WATERPARK

“Le Waterpark & Leisure Village” is the sole water-themed park in Mauritius, which is owned by SIT Leisure Limited (SITL), a wholly owned subsidiary of the Sugar Investment Trust. Since 2016 the SIT Group has been working on various options to revive the Waterpark which has remained closed since October 2013. Various international firms having experience in the operation of waterparks of international standard expressed their interest to work as a strategic partner with SITL to revive the Waterpark. However, the proposals were not cost effective and some firms even proposed to have majority shareholding and control over the Waterpark, which were not agreeable by the SIT Group. Eventually, it was decided that SITL will undertake to renovate, refurbish and re-open the Waterpark and also remain the sole owner of the park. A Canadian company, WhiteWater West Industries Ltd, has been appointed as consultant for the renovation project as the latter had initially worked on the design, construction, installation and commissioning of the existing slides in the year 1999/2000. All civil works will be managed by SITL.

The grand re-opening of the Waterpark is scheduled for this year and will include a new set of attractions which will be unique in the region. Moreover, new systems are being put in place for the security of all its visitors. The Waterpark promises to be one of the best attraction in the region and an important income generator for the SIT Group.

RENTAL OF OFFICE SPACES

The SIT Group provides on lease office spaces at The Core Building and three floors at NG Tower in Ebène. For the year under review, the total income generated from the rental of office spaces has increased from Rs. 53 million in 2017 to Rs. 63 million in 2018.

INVESTMENT IN AFRICA

During the year, the SIT Group considered investment opportunities in Africa, where we were approached to invest in sugar related activities in Tanzania. An independent Consultant was appointed by the SIT Group to carry out a due diligence study on the proposed investment. However, the report from the Consultant indicates that the said investment is very risky and profits can only be anticipated as from the eighth or tenth year, which is not in the best interest of the SIT Group. In this respect, the SIT Group decided not to embark in the project in Tanzania and to explore other investment avenues in the African continent.

ACKNOWLEDGMENT

I seize this opportunity to thank the Board Members for their unflinching support and all our staff members for the dedication and hard work. A special thanks to our employees working at the Waterpark for their immense effort which are being put for the renovation of the Waterpark. Finally, I wish to express my gratitude to our shareholders and noteholders for their continued trust in the SIT Group.

Chittaman Jugroo
Chief Executive Officer

STATUTORY DISCLOSURES

for the year ended 30 June 2018

The directors have the pleasure in submitting their report together with the audited consolidated and separate financial statements of Sugar Investment Trust (collectively referred to as the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2018.

1. PRINCIPAL ACTIVITIES

The principal activities of the Group are the holding of investments, dealing in matters relating to agriculture in general, operation of a leisure park and through the democratisation policy, acquisition, holding and/or disposal of moveable and immovable properties and rental of office space.

2. DIRECTORS

The directors who held office as at 30 June 2018 were as follows:

THE COMPANY

	Date of appointment	Date of resignation
Mr Preetam Boodhun (Chairperson)	25 November 2015	-
Mr Sachin Kumar Sumputh	25 November 2015	-
Mr Uttam Junkeesaw	25 November 2015	-
Mr Gansam Boodram	29 October 2012	-
Mr Sobeersen Sanmukhiya	05 November 2015	-
Mr Bhagwat Parsadsingh Daumoo	05 November 2015	-
Mr Yousouf Oodally	29 October 2012	-
Mr Thierry Desiré Laval Govinden	05 November 2015	-
Mr Feroze Peerboccus	05 November 2015	-

THE SUBSIDIARIES

SIT Leisure Limited

	Date of appointment	Date of resignation
Mr Preetam Boodhun ***(Chairperson)***	25 November 2015	-
Mr Sachin Kumar Sumputh	24 March 2016	-
Mr Uttam Junkeesaw	24 March 2016	-
Mr Gansam Boodram	04 April 2013	-
Mr Sobeersen Sanmukhiya	24 March 2016	-
Mr Bhagwat Parsadsingh Daumoo	24 March 2016	-
Mr Yousouf Oodally	04 April 2013	-
Mr Thierry Desiré Laval Govinden	24 March 2016	-
Mr Feroze Peerboccus	24 March 2016	-

SIT LAND HOLDINGS LTD

	Date of appointment	Date of resignation
Mr Bhagwat Parsadsing Daumoo ***(Chairperson)***	03 February 2016	-
Mr Farhad Boodhun	03 February 2016	-
Mr Rajmohun Choonea	03 February 2016	-
Mr Thierry Desiré Laval Govinden	03 February 2016	-
Mr Feroze Peerboccus	03 February 2016	-
Mr Madhoo Soodhun Motah	03 February 2016	-
Mr Khemlall Ramyad	03 February 2016	-
Miss Ashitah Devi Sanmukhiya	03 February 2016	-
Mr Kamless Seeam	03 February 2016	-

SIT PROPERTY DEVELOPMENT LTD

	Date of appointment	Date of resignation
Mr Gansam Boodram ***(Chairperson)***	01 August 2013	-
Mr Oomeshsingh Banee	23 March 2016	-
Mr Yousouf Oodally	04 April 2013	-
Mr Sobeersen Sanmukhiya	01 August 2013	-
Mr Madhoo Soodhun Motah	04 February 2016	-
Mr Khemlall Ramyad	04 February 2016	-
Miss Ashitah Devi Sanmukhiya	04 February 2016	-
Mr Kamless Seeam	04 February 2016	-
Mr Sachin Kumar Sumputh	04 February 2016	-

SIT CORPORATE AND SECRETARIAL SERVICES LTD

	Date of appointment	Date of resignation
Mr Yousouf Oodally ***(Chairperson)***	04 December 2013	-
Mr Chittaman Jugroo	02 December 2016	-
Mr Feroze Peerboccus	02 December 2016	-
Mr Sobeersen Sanmukhiya	02 December 2016	-
Mr Uttam Junkeesaw	02 December 2016	-
Mr Thierry Desiré Laval Govinden	02 December 2016	-
Mr Mahendra Kumar Ramroop	26 February 2018	-

SIT Landscape Contracting Services Ltd

	Date of Appointment	Date of Resignation
Mr Sobeersen Sanmukhiya	21 August 2013	-
Mr Gansam Boodram	06 February 2015	-
Mr Bhagwat Parsadsing Daumoo	12 May 2016	-
Mr Thierry Desiré Laval Govinden	12 May 2016	-

SIT Ebène Property Development Ltd

	Date of Appointment	Date of Resignation
Mr Preetam Boodhun	25 November 2015	-
Mr Chittaman Jugroo	17 February 2017	-

SIT Property Development Consultancy Ltd

	Date of Appointment	Date of Resignation
Mr Preetam Boodhun	25 November 2015	-
Mr Yousouf Oodally	12 May 2016	-

SIT Syndicate Services Ltd

	Date of Appointment	Date of Resignation
Mr Sobeersen Sanmukhiya	23 March 2016	-
Mr Khemlall Ramyad	23 March 2016	-
Mr Yousouf Oodally	23 March 2016	-
Mr Kamless Seeam	23 March 2016	-
Mr Chittaman Jugroo	17 February 2017	-

NG Tower II Ltd, NG Tower III Ltd, NG Tower IV Ltd and NG Tower V Ltd

The following directors held office at the reporting date for the above-named companies:

	Date of Appointment	Date of Resignation
Mr Gansam Boodram	06 February 2015	-
Mr Chittaman Jugroo	10 March 2016	-

Waterpark Leisure Ltd

	Date of Appointment	Date of Resignation
Mr Feroze Peerboccus	12 May 2016	-
Mr Sobeersen Sanmukhiya	12 May 2016	-

Executive Café Ltd

	Date of Appointment	Date of Resignation
Mr Sobeersen Sanmukhiya	21 October 2014	-
Mr Chittaman Jugroo	17 February 2017	-

3. DIRECTORS' REMUNERATION AND BENEFITS

Directors' remunerations and benefits received from the Company and its subsidiaries are as follows:

	2018 Rs'000	2017 Rs'000
SUGAR INVESTMENT TRUST		
9 Non-Executives (2017: 9)	1,116	1,090
SIT LAND HOLDINGS LTD		
9 Non-Executives (2017: 9)	986	965
SIT PROPERTY DEVELOPMENT LTD		
9 Non-Executives (2017: 9)	997	75

No emoluments were paid to directors of SIT Leisure Limited, SIT Property Development Consultancy Ltd, Executive Café Ltd, SIT Ebène Property Development Ltd, SIT Syndicate Services Ltd, SIT Landscape Contracting Services Ltd, Le Waterpark Leisure Ltd, SIT Corporate and Secretarial Services Ltd, NG Tower II Ltd, NG Tower III Ltd, NG Tower IV Ltd and NG Tower V Ltd.

4. DONATIONS

The Company and its subsidiaries did not make any donations during the year (2017: Nil).

5. AUDITORS' REMUNERATION

The fees payable to the auditors for audit and other services for the year under review were:

	THE GROUP 2018 Rs'000	THE COMPANY 2018 Rs'000
For the financial year ended 30 June 2018		
Audit services	825	260
Tax compliance services	115	30
	940	285

	THE GROUP 2017 Rs'000	THE COMPANY 2017 Rs'000
For the financial year ended 30 June 2017		
Audit services	1,660	725
Tax compliance services	100	30
	1,760	755

Approved and authorised by the Board of Directors on 21 December 2018 and signed on its behalf by:

Director

Director

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2018

1. GOVERNANCE STRUCTURE

1.1 Commitment to Good Practice

Sugar Investment Trust (hereinafter referred to as SIT) is a body corporate established under the Sugar Industry Efficiency Act (SIE Act) and operates as a public company under the Companies Act 2001. SIT and its subsidiaries (hereinafter referred to as the SIT Group) fall under the definition of a public interest entity as provided under the First Schedule of the Financial Reporting Act 2004. The Board is aware of its legal duties and assumes responsibility for leading and controlling the Company and meeting all legal and regulatory requirements.

The SIT Group is committed to ensure that it employs the best practice governance and principles in line with the recommendations of the Code of Corporate Governance (the Code) of Mauritius. The Board considers that SIT has complied in all material respects with the provisions of the Code for the reporting year ended 30 June 2018, except as specifically started in this Corporate Governance Report.

During the year under review, the SIT Group started to implement some of the principles and recommended disclosures as provided in the new National Code of Corporate Governance 2016 (the New Code) and has put in place an action plan to apply most of the provisions during the next financial year. Details pertaining to any divergence from the principles and recommendations of the New Code will be provided in this Report.

1.2 Board Charter

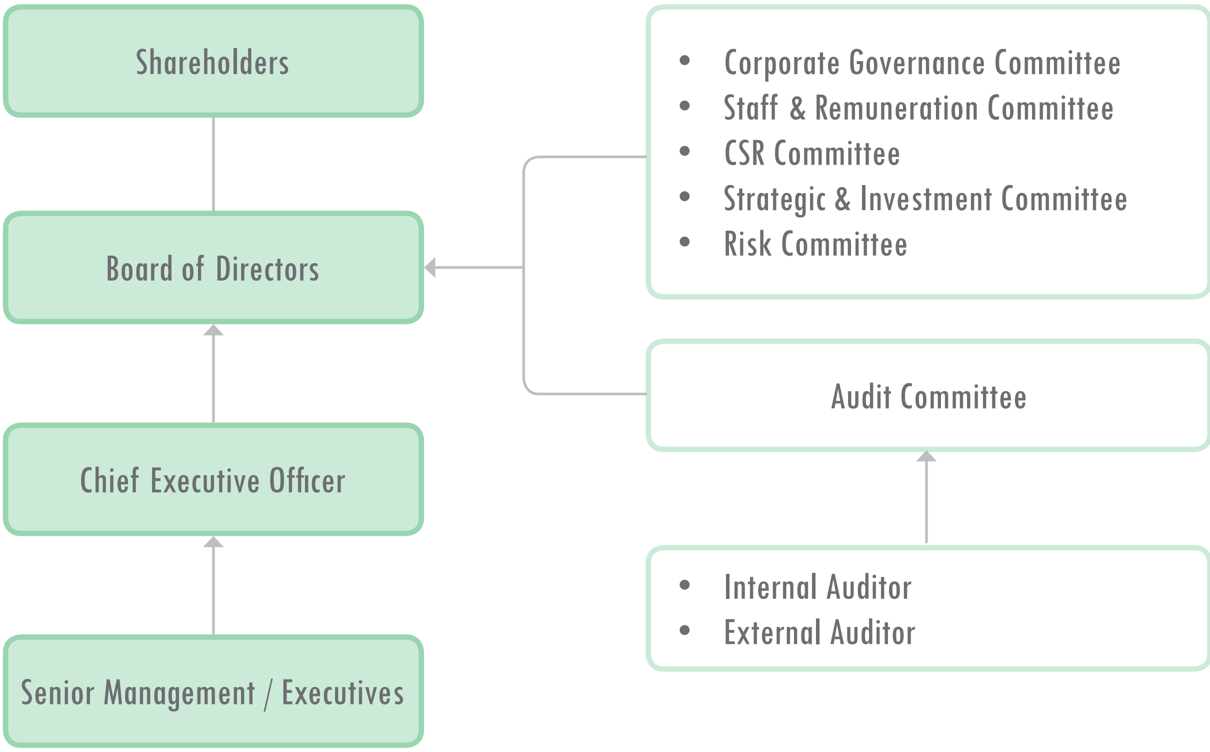
The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Company presently has not adopted any written Board Charter, but will develop one during the next financial year to be in line with the recommendations of the National Code of Corporate Governance 2016.

1.3 Code of Ethics

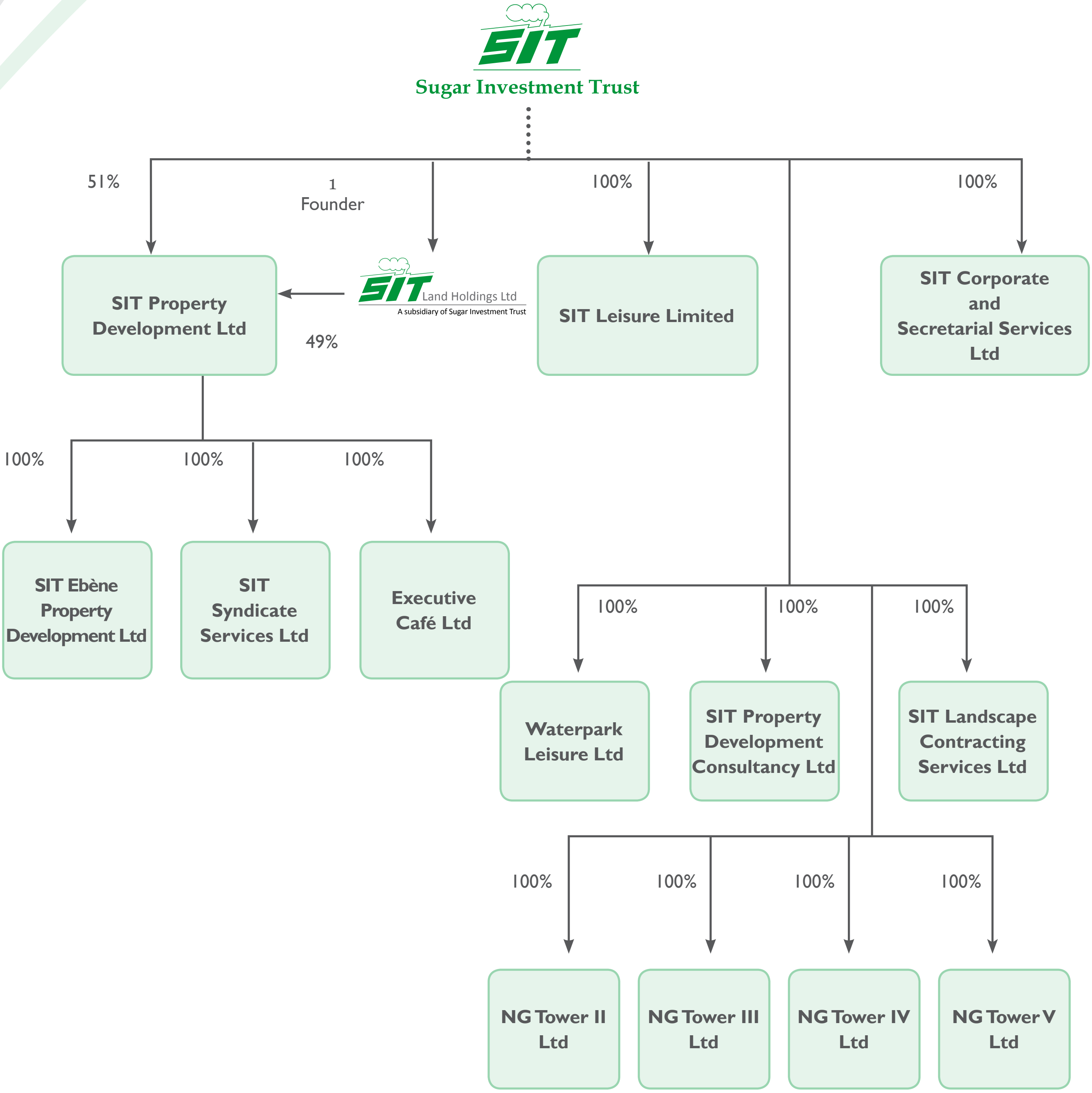
The SIT Group is committed to the highest standards of integrity and ethical conduct in dealing with all its shareholders. Staff at all levels drew up the Company's code of ethics which reflects the Company's diversity and unique culture. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics. During the next financial year, the SIT Group will develop a new written Code of Ethics which reflects all the recommended disclosures made in the New Code.

1.4 Job Descriptions of key senior governance positions, organisational chart and statement of accountabilities

The Board has approved the appropriate job descriptions of key senior governance positions, an organisational chart and a statement of accountabilities.



1.5 Holding Structure



2. THE STRUCTURE OF BOARD AND ITS COMMITTEES

2.1 Board Structure

SIT has a unitary or one-tier Board structure. Section 5 of the SIE Act provides that the Board of Directors of SIT shall comprise of nine directors. All directors holding office during the year were non-executive directors. They come from diverse business and academic backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company. All Board members are ordinary resident of Mauritius. Although the National Code of Corporate Governance 2016 recommends having at least two Executive Directors and two Independent Directors, the Board believes that the Board composition is adequate due to the size and complexity of the business, which is in line with the Company's Constitution.

Presently no mechanism is in place within SIT to promote gender balance on the Board, as the Board members are elected and appointed by the Company's shareholders as provided under the SIE Act.

All directors receive timely information so that they are equipped to fulfil their duties in Board Meetings. All Board members have access to the Company Secretary for any further information they require. The Company Secretary ensures that the Board members receive appropriate training as necessary. Independent professional advice would be available to directors in appropriate circumstances, at the Company's expense.

As at the date of preparation of this report, the Board composition was as follows:

NAME	CAPACITY
Mr Preetam Boodhun (Chairperson)	Non-Executive Director
Mr Uttam Junkeesaw	Non-Executive Director
Mr Sobeersen Sanmukhiya	Non-Executive Director
Mr Krishna Kistnen (as from 12 November 2018)	Non-Executive Director
Mr Heymant Rao Anand Sonoo (as from 12 November 2018)	Non-Executive Director
Mr Daramdev Jhunput (as from 12 November 2018)	Non-Executive Director
Mr Gilbert Bernadin Legrand (as from 12 November 2018)	Non-Executive Director
Mr Feroze Peerboccus	Non-Executive Director
Mr Sachin Kumar Sumputh (resigned on 18 October 2018)	Non- Executive Director
Mr Gansam Boodram (until 12 November 2018)	Non- Executive Director
Mr Bhagwat Parsadsing Daumoo (until 12 November 2018)	Non- Executive Director
Mr Yousouf Oodally (until 12 November 2018)	Non- Executive Director
Mr Thierry Desiré Laval Govinden (until 12 November 2018)	Non- Executive Director

SIT Corporate and Secretarial Services Ltd is the Company Secretary to the Board of SITLH.

The role of the Company secretary is to:

- ensure compliance with the Company's constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board;
- provide guidance and advice to the Board on matters of ethics and good governance.

2.2 Role of the Board

The Board is ultimately accountable and responsible for the performance and affairs of the Company. Its principal functions include the following:

- protecting and enhancing shareholders' value by identifying and monitoring key risks areas and key performance indicators;
- ensuring that the Company has clear strategies, policies and business plans, and monitoring its implementation;
- reviewing and approving the system of internal control and compliance with laws and regulations as may be appropriate and relevant to the business of the Company;
- approving such acquisition and disposal of assets as appropriate;
- exercising leadership, enterprise, intellectual honesty, integrity and judgement in directing the Company so as to achieve sustainable prosperity for the Company;
- ensuring timely communication with shareholders and other stakeholders;
- any conflict or potential conflict of interest occur, it would be the duty of any director of SIT to make a full and timely disclosure to the Board;
- to manage any conflict or potential conflict of interest that might arise regarding transactions between the Company and its management, Directors and Shareholders; and
- to appoint a Chief Executive Officer and ensure that succession is professionally planned in good time.

2.3 Role and function of the Chairperson

The Board is subject to the firm and objective leadership of a Chairperson who brings out the best in each director and ensures the smooth functioning of the Board in the interests of good governance. The Chairperson's principle functions include the following:

- provide overall leadership to the Board and encourage and ensure active participation of each director in discussions and board matters;
- overseeing a formal succession plan for the Board, Chief Executive Officer and Senior Management;
- ensuring that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions; and
- maintaining sound relations with the Company's shareholders and ensuring that the principles of effective communication and pertinent disclosure are followed.

2.4 Role and function of the Chief Executive Officer

The role of the Chief Executive Officer (CEO) is separate from the Chairperson and is responsible for all day-to-day management decisions. The principle functions of the CEO include the following:

- develop and recommend to the Board a long-term vision and strategy for the Company that will generate satisfactory levels of shareholder value and positive relations with relevant stakeholders;
- strive consistently to achieve the Company's financial and operating goals and objectives and ensure that the day-to-day business affairs of the company are appropriately managed and monitored;
- serve as the chief spokesperson for the company on all operational and day-to-day matters; and
- develop and recommend to the Board annual business plans and budgets that support the company's long-term strategy and ensure a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board.

2.5 Profile of Directors

Mr Preetam Boodhun is a non-executive director and Chairperson of the Company since November 2015. He is one of the three directors appointed by the Ministry of Agro Industry & Food Security, under Section 5(2)(f) of the SIE Act. He holds a Diploma from the Mauritius Institute of Education. He is well-exposed to social activities and has been Chairperson of the Souillac Village Council. He is currently an Educator at Keats College and has also held the post of section leader for several years in the same institution.

Mr Uttam Junkeesaw is a non-executive director of the Company since November 2015. He is one of the three directors appointed by the Ministry of Agro Industry & Food Security, under Section 5(2)(f) of the SIE Act. He is a self-employed businessman and has ample experience in the tourism sector and other commercial activities. Presently, he is also the Chairperson of La Rosa Social Welfare Centre.

Mr Sobeersen Sanmukhiya was appointed was elected as director of SIT in November 2015 under Section 5(2)(a) of the SIE Act. He is a holder of a LLB degree. He has followed a legal course conducted by the Council of Legal and Vocational Education under the aegis of the Supreme Court of Mauritius. He is a self-employed businessman and has ample experience as planter and other service provider in the sugar industry.

Mr Krishna Kistnen was elected as director of SIT on 12 November 2018 under Section 5(2)(a) of the SIE Act. He is self employed and has ample experience as planter in the sugar industry.

Mr Heymant Rao Anand Sonoo was elected as director of SIT on 12 November 2018 under Section 5(2)(b) of the SIE Act. He is holder of a BSc in Agriculture and has over 25 years of experience in the sugar industry. He is presently the Chairperson of Mauritius Sugar Syndicate, member of MCIA Advisory Council and director of Sonoo Estates Ltd.

Mr Daramdev Jhunput was elected as director of SIT on 12 November 2018 under Section 5(2)(c) of the SIE Act. He has over 40 years of working experience at the Medine Sugar Estate and is retired since 2007.

Mr Gilbert Bernadin Legrand was elected as director of SIT on 12 November 2018 under Section 5(2)(d) of the SIE Act. He has over 25 years of working experience at Alteo Milling Ltd (formerly FUEL Milling Ltd) and is presently working at Consolidated Energy Ltd since the past four year.

Mr Feroze Peerboccus was appointed as non-executive director of the Company in November 2015 under Section 5(2)(e) of the SIE Act. He holds a Diploma in Occupational Health and Safety, from the University of Mauritius. He was an Industrial Relation Officer at Cie Usiniere de Mon Loisir Ltee, now retired.

2.6 Common directors within the group

No	Name of Director	SUGAR INVESTMENT TRUST (SIT)	SIT LEISURE LIMITED (SITL)	SIT LAND HOLDINGS LTD (SITLH)	SIT PROPERTY DEVELOPMENT LTD (SPDL)	SIT CORPORATE AND SECRETARIAL SERVICES LTD	NG TOWER II LTD	NG TOWER III LTD	NG TOWER IV LTD	NG TOWER V LTD	SIT EBENE PROPERTY DEVELOPMENT LTD	SIT LANDSCAPE CONTRACTING SERVICES LTD	SIT SYNDICATE SERVICES LTD	SIT PROPERTY DEVELOPMENT CONSULTANCY LTD	EXECUTIVE CAFÉ LTD	WATERPARK LEISURE LTD
1	Mr Preetam Boodhun	√	√								√			√		
2	Mr Uttam Junkeesaw	√	√		√[4]	√										
3	Mr Krishna Kistnen	√[1]	√[4]		√[4]											
6	Mr Sobeersen Sanmukhiya	√	√		√	√						√	√		√	√
5	Mr Heymant Rao Anand Sonoo	√[1]	√[4]		√[4]											
6	Mr Daramdev Jhunput	√[1]	√[4]		√[4]											
7	Mr Gilbert Bernadin Legrand	√[1]	√[4]													
8	Mr Feroze Peerboccus	√	√	√	√[4]	√										√
9	Mr Rajmohun Choonea			√												
10	Mr Farhad Boodhun			√												
11	Mr Oomeshsing Banee				√[5]											
12	Mr Madhoo Soodhun Motah			√	√											
13	Mr Kamless Seeam			√	√								√			
14	Miss Ashitah Devi Sanmukhiya			√	√											
15	Mr Khemlall Ramyad			√	√								√			
16	Mr Chittaman Jugroo					√	√	√	√	√	√		√		√	
17	Mr Sachin Kumar Sumputh	√[2]	√[2]		√[2]											
18	Mr Gansam Boodram	√[3]	√[5]		√[5]		√[5]	√[5]	√[5]	√[5]		√[5]				
19	Mr Bhagwat Parsadsing Daumoo	√[3]	√[5]	√								√[5]				
20	Mr Yousouf Oodally	√[3]	√[5]		√[5]	√[5]							√[5]	√[5]		
21	Mr Thierry Desiré Laval Govinden	√[3]	√[5]	√	√[5]						√[5]					

Note: √1 – Appointed on 12 November 2018 √2 – Resigned on 18 October 2018 √3 – Ceased to hold office on 12 November 2018 √4 – Appointed on 10 December 2018 √5 – Ceased to hold office on 10 December 2018

2.7 Board Attendance

The attendance for the SIT Board and subsidiaries as at 30 June 2018 is as follows:

s/n	Name of board member	SUGAR INVESTMENT TRUST	SIT LEISURE LIMITED	SIT LAND HOLDINGS LTD	SIT PROPERTY DEVELOPMENT LTD
1	Mr Preetam Boodhun	10/10	5/5	-	-
2	Mr Sachin Kumar Sumputh	10/10	5/5	-	6/10
3	Mr Uttam Junkeesaw	5/10	4/5	-	-
4	Mr Gansam Boodram	6/10	2/5	-	9/10
5	Mr Sobeersen Sanmukhiya	9/10	4/5	-	10/10
6	Mr Bhagwat Parsadsing Daumoo	5/10	2/5	6/6	-
7	Mr Yousouf Oodally	9/10	4/5	-	9/10
8	Mr Thierry Desiré Laval Govinden	9/10	5/5	6/6	-
9	Mr Feroze Peerboccus	3/10	2/5	3/6	-
10	Mr Rajmohun Choonea	-	-	5/6	-
11	Mr Farhad Boodhun	-	-	4/6	-
12	Mr Madhoo Soodhun Motah	-	-	5/6	8/10
13	Mr Kamless Seeam	-	-	5/6	7/10
14	Miss Ashitah Devi Sanmukhiya	-	-	5/6	6/10
15	Mr Khemlall Ramyad	-	-	4/6	9/10
16	Mr Oomeshsing Banee	-	-	-	8/10

2.8 Directors holding office on investee companies

The Directors holding office on the Boards of investee companies for the year ended 30 June 2018 is as follows:

s/n	INVESTEE COMPANY	PLANTER
1	Consolidated Energy Ltd	Mr Thierry Laval Desiré Govinden
2	Alteo Energy Ltd	Mr Sachin Kumar Sumputh Mr Bhagwat Parsadsing Daumoo
3	Omnicane Holdings Limited	Mr Preetam Boodhun Mr Sachin Kumar Sumputh
4	Omnicane Ltd	Mr Preetam Boodhun Mr Sachin Kumar Sumputh
5	Omnicane (Management & Consultancy) Ltd	Mr Preetam Boodhun Mr Sachin Kumar Sumputh
6	Omnicane Milling Operations Ltd	Mr Uttam Junkeesaw
7	Omnicane Thermal Energy Operations (La Baraque) Limited	Mr Sachin Kumar Sumputh
8	Omnicane Thermal Energy Operations (St Aubin) Limited	Mr Sachin Kumar Sumputh
9	Sugarworld Limited	Mr Yousouf Oodally
10	Terragen Ltd	Mr Feroze Peerboccus
11	Eole Plaine des Roches Ltée	Mr Bhagwat Parsadsing Daumoo Mr Yousouf Oodally
12	Synnove Energy Ltd	Mr Sobeersen Sanmukhiya
13	Synnove Solar (Mauritius) One Ltd.	Mr Bhagwat Parsadsing Daumoo Mr Chittaman Jugroo

2.9 Planters and employees representing sit on board of directors of milling companies

As at 30 June 2018, the following persons represented SIT on the Boards of milling companies.

s/n	MILLING COMPANIES	PLANTER	EMPLOYEES
1	Terra Milling Ltd and Compagnie Usinière de Mon Loisir Limitée	Mr Ramanand Kankeea Ellapah	Mr Fakeerasing Ramchurn
2	Alteo Milling Ltd, Deep River Beau Champ Milling Company Ltd and Mon Desert Alma Sugar Milling Co Ltd	Mr Kamless Seeam	Mr Yousouf Oodally
3	Medine Sugar Milling Company Ltd	Mr Gansam Boodram	Mr Georges Eddy Sandian
4	Omnicane Milling Holdings (Mon Tresor) Limited, Omnicane Milling Holdings (Britannia-Highlands) Limited, Compagnie Sucrière de Riche en Eau Limitée, Savannah Sugar Milling Co Limited and Union St Aubin Milling Company Limited.	Mr Anilkumarr Ramnundun	Mr Vishal Bautoo

2.10 Interest in Shares and Option Certificates

The interest of directors holding office as at 30 June 2018 is as follows:

s/n	Name of director	The Company- SIT		Subsidiary - SITLH	
		Number of Ordinary Shares		Number of Ordinary Shares	
		Direct	Indirect	Direct	Indirect
1	Mr Preetam Boodhun	Nil	Nil	Nil	Nil
2	Mr Sachin Kumar Sumputh	Nil	13,500	Nil	15,000
3	Mr Uttam Junkeesaw	Nil	Nil	Nil	15,000
4	Mr Gansam Boodram	26,500	25,500	15,000	Nil
5	Mr Sobeersen Sanmukhiya	227,900	95,600	102,000	1,003,500
6	Mr Bhagwat Parsadsing Daumoo	47,500	Nil	180,000	180,000
7	Mr Yousouf Oodally	10,000	Nil	5,000	Nil
8	Mr Thierry Desiré Laval Govinden	3,500	Nil	Nil	Nil
9	Mr Feroze Peerboccus	81,000	Nil	45,000	15,000
10	Mr Rajmohun Choonea	Nil	Nil	Nil	Nil
11	Mr Farhad Boodhun	Nil	Nil	Nil	Nil
12	Mr Madhoo Soodhun Motah	24,000	Nil	15,000	Nil
13	Mr Kamless Seeam	26,000	Nil	15,000	Nil
14	Miss Ashitah Devi Sanmukhiya	15,000	308,500	231,500	874,000
15	Mr Khemlall Ramyad	4,000	Nil	15,000	30,000
16	Mr Oomeshsingh Banee	Nil	Nil	Nil	Nil

2.11 Directors dealings

There were no directors dealings during the year.

2.12 Committees

a) Corporate Governance Committee

The Corporate Governance Committee acts as a useful mechanism for making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with the prevailing corporate governance principles.

The Committee has the following responsibilities:

- Determine, agree and develop the Company's general policy on corporate governance in accordance with the Code of Corporate Governance;
- Ensure that disclosures are made in the annual report in compliance with the disclosure provisions of the code;
- Consult other non-executive directors in its evaluation of the Chairperson and the Chief Executive Officer of the Board;
- Regular review of the Board structure, size and composition and make recommendations with regards to any adjustments that are deemed necessary;
- Make recommendations for the continuation (or not) in services of any director who has reached the age of 70;
- Recommend directors retiring by rotation for re-election;
- Have due regard for principles of governance and code of best practice;
- Liaise with the Board in relation to the preparation of the Committee's report to Shareholders;
- Assessing the Board's relationships with Management and to recommend, where necessary, limits on Management's authority to act without explicit Board approval; and
- Considering recommendations regarding the appointment of the Chief Executive Officer of the Company.

The Committee Members and attendance for the year under review are as follows:

No	Members	Attendance
1	Mrs Divanandum Packiry Prabha Chinien ***(Chairperson)***	1/1
2	Mr Sobeersen Sanmukhiya	1/1
3	Mr Thierry Desiré Laval Govinden	1/1
4	Mr Feroze Peerboccus	0/1
5	Mr Chittaman Jugroo	1/1
6	Mr Yousouf Oodally	1/1

b) Audit Committee

The Audit Committee meets regularly and consists of non-executive directors. The Company Secretary and Management executives attend the meetings as and when required.

The Committee has the following responsibilities:

- To monitor the integrity of the financial statements of the Company;
- To review financial statements prior to their approval;
- To review the Company's internal financial control and the risk management systems;
- To monitor and review the effectiveness of the Company's internal audit function;
- To make recommendations to the Board in relation to the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
- To monitor and review the external auditors' independence, objectivity and effectiveness; and
- To develop and implement policy on the engagement of the external auditors to supply non-audit services.

The terms of reference of the Audit committee have been approved by the Board and are reviewed as necessary. The Committee has satisfied its responsibilities for the year, in compliance with its terms of reference.

b) Strategy & Investment Committee

The Committee members and attendance for year under review were as follows:

No	Members	Attendance
1	Mr Dhirshantsingh Ramkelawon ***(Chairperson)***	4/4
2	Mr Beegadhur Gunesh (as from 14 December 2017)	2/2
3	Mr Satian Rao Deojee	2/4
4	Mr Feroze Peerboccus	4/4
5	Mr Prithvirajsing Gooransing (until 14 December 2017)	0/2

c) Strategy & Investment Committee

The Committee consists of 6 members and its main objective is to discuss strategic matters and oversee strategic investment of the SIT Group.

Authority is delegated to the Committee to investigate and take all the necessary actions pertaining to strategy and investment decision making pursuant to strategic objectives of the SIT Group. It is then required to submit its recommendations to the main Board of the SIT Group for final approval.

The Committee has the following functions:

- Ensure that the Group has a proper strategy management system in place;
- Review the effectiveness of SIT Group strategy and make recommendation to the Board;
- Review strategic plans, corporate objectives and budgets and monitor performance compared to targets;
- Review and recommend strategic projects to the Board and monitor their implementation;
- Review management of the Group's capital resources;
- Seeking expert consultancy services pertaining to investment planning, due diligence, econometric modelling etc.;
- Provide a rapid response forum capable of seizing opportunities as they arise.

The Committee members and attendance for the year under review were as follows:

No	Members	Attendance
1	Mr Preetam Boodhun ***(Chairperson)***	1/1
2	Mr Bhagwat Parsadsing Daumoo	1/1
3	Mr Sanmukhiya Sobeersen	1/1
4	Mr Sachin Kumar Sumputh	1/1
5	Mr Chittaman Jugroo	1/1
6	Mr Gansam Boodram	0/1
7	Mr Yousouf Oodally	1/1

d) Staff & Remuneration Committee

The Staff & Remuneration Committee has been established to provide a mechanism to enhance communication and consultation between staff and management on matters of mutual interest in terms of work matters, issues and concerns. It also promotes the spirit of cooperation between management and staff, considers suggestions for continuous improvements in the Group's operational efficiency, ensures staff welfare and recognition of staff concerns and ensures that SIT Group is an inclusive workplace.

The functions of the Staff & Remuneration Committee are essentially to:

- Advise management on work matters of interest and of concern to staff;
- Determine, agree and develop the Group's general policy on recruitment, remuneration and conditions of employment;
- Co-ordinate its activities with the Chairperson of the Board and the Chief Executive Officer and consult them in formulating the Committee's remuneration policy and specific remuneration packages;
- Raise issues, initiate discussions and make suggestions to arrive at options to address the issues/concerns;
- Share with management staff ideas and suggestions for improvements to increase the Group's operational efficiency and ensure staff welfare;
- Act as a conduit for 2-way communication between staff and management and provide feedback both ways;
- Work such matters of interest/concern and issues/concerns for discussions that contribute towards achieving the Group's Mission and Vision;
- Personnel issues such as recruitment, staff training and development, performance management, grievance procedures, etc.;
- Administrative matters such as procurement, travel, transport, telecommunications, security, etc.;
- Staff relations and communications such as staff and customer satisfaction surveys, enhancing management/staff relationships, staff suggestions, etc.;
- New initiatives to benefit the SIT Group and the staff;
- Strategic issues for the future such as strategic staffing etc.;
- Matters relating to the wellbeing of staff – physical welfare, working conditions, sports and recreation, etc.; and
- Any other matters affecting the Group's operational efficiency and staff wellbeing.

The Committee members and attendance for the year ended 30 June 2018 are as follows:

No	Members	Attendance
1	Mr Sachin Kumar Sumputh ***(Chairperson)***	3/3
2	Mr Feroze Peerboccus	1/3
3	Mr Gansam Boodram	3/3

e) Corporate Social Responsibility Committee

The CSR Committee has been set up to consistently maintain the CSR philosophy of the SIT Group and to sustain human and community development around its operational sites and in the country at large.

The CSR committee also ensures that the SIT Group, as a socially responsible organisation towards the community and the environment, develops a strategy to use the CSR fund to help develop vulnerable groups in the society and the country at large.

No committee was held during the year under review.

The Committee consisted of the following members as at 30 June 2018:

No	Members
1	Mr Thierry Desiré Laval Govinden
2	Mr Uttam Junkeesaw
3	Mr Yousouf Oodally

f) Risk Committee

On 8 July 2015, the Board of Directors decided to constitute a separate Risk Committee to set risk strategy, advise the Board on risk issues and monitor the risk management process. The objective of the Committee is to assist the Board in the discharge of its duties relating to corporate accountability and the associated risk in terms of management, assurance and reporting.

The role of the Committee is to review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed. The Committee also sets out the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work. The Committee monitors external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts. The Committee provides an independent and objective oversight and review of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on financial, business and strategic risk.

The terms of reference of the Risk Committee approved by the Board are as follows:

- Review any legal matters that could have a significant impact on the Company's business;
- Review executive management reports detailing the adequacy and overall effectiveness of the Company's risk management function and its implementation by management, reports on internal control and any recommendations, and confirm that appropriate action has been taken;
- Review the risk philosophy, strategy and policies recommended by the executive management and consider reports by the executive management;

- Ensure compliance with such policies, and with the overall risk profile of the Company's risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk;
- Review the adequacy of insurance coverage;
- Review risk identification and measurement methodologies;
- Monitor procedures to deal with and review the disclosure of information to clients;
- The Committee will have due regard for the principles of governance and codes of best practice;
- The Committee will liaise with the Board in respect of the preparation of the Committee's report to shareholders as required.

The Risk Committee consisted of the following members as at 30 June 2018:

No	Members
1	Mr Yousouf Oodally
2	Mr Sachin Kumar Sumputh

No committee meeting was held during the year.

2.13 Senior Management

(a) Profile of Senior Management

Chittaman Jugroo – *Chief Executive Officer*

Mr Jugroo joined SIT in February 2016. He has more than 25 years of managerial experience and was in charge of the Commercial Division of the Central Water Authority. He was responsible for the Debt Management, Billing, Prosecutions, Anti-Fraud Unit and drafting of all legislations/regulations.

Mr Jugroo is a Fellow Member of the Association of Chartered Certified Accountants, UK. He also holds MSc Finance.

Mahendra Kumar Ramroop – *Chief Finance Officer*

Mr Ramroop joined SIT in March 2017 and has vast experience in the field of finance. He has worked in the banking sector for over 18 years. After that he joined the SIC Group and worked in the leisure sector for 7 years. Subsequently, he was assigned responsibilities in Corporate Services and for at least 12 years in Fund Management.

Mr Ramroop is a Fellow Member of the Association of Chartered Certified Accountants, UK. He is a member of M.I.P.A. He also holds an MBA with specialisation in Financial Management.

Govinden Mareemootoo Veeramootoo – *Chief Operating Officer*

Mr Veeramootoo is a holder of a B.Eng (Hons), Post Graduate Diploma and an MSc in Civil Engineering studies. He has worked as Assistant Resident Engineer / Resident Engineer / Project Manager on various Civil Engineering Projects for the last 21 years.

Roudisteerun Mathaven – *Compliance Officer*

Mr Mathaven joined SIT in April 2016. He has more than 29 years experience in auditing, investigation, legal drafting and handling court cases.

He holds a B.A (Hons) Legal Studies & Management and MSc Financial Management and Taxation.

Pawan Kumar Napaul – *Internal Auditor*

Mr Napaul joined the SIT Group in January 2018 as Internal Auditor. Prior to joining the SIT Group, he was at the National Audit Office. He joined the National Audit Office as Trainee Examiner of Accounts in April 1977 and served the Office in a number of positions. He was promoted Deputy Director of Audit on 01 July 2001. He is a knowledgeable and experienced audit practitioner and is also a Certified Quality Assurance Reviewer. Mr Napaul is a Fellow Member of the Chartered Association of Certified Accountants.

Dayanand (Rakesh) Koobrawa – Team Leader – *Administration & Human Resource*

Mr Koobrawa joined SIT in June 2008 as Team Leader – Administration & Human Resources. He is a holder of an MBA General with Merit, a Degree in Human Resource Management, a Diploma in Occupational Health and Safety Management, a Diploma in Personnel Management and a Higher National Diploma in Computer Studies. He has also worked for 15 years as Administrative and Human Resource Manager at Triolet Bus Service Ltd.

Patrick Huët – *Field Operations Officer*

Mr Huët joined the SIT Group in May 2018 as Field Operating Officer. He is responsible for the implementation and management of the agricultural projects and activities of the SIT Group. He has over 40 years of working experience in the agricultural sector in Mauritius and prior to joining the SIT Group, Mr Huët has held several key positions at the Medine Group and Compagnie de Mapou.

Ranjeeta Deerpaul – *Accountant*

Mrs Deerpaul joined the SIT Group in May 2016 as Accountant. She is a Fellow Member of The Association of Chartered Certified Accountants, UK. Prior to joining the SIT Group, she spent 7 years at KPMG Mauritius where she gained valuable accounting and auditing experience in supervisory positions. She was in charge of various audits of large institutions in the banking, manufacturing and hotel sector. She subsequently moved to London where she worked in a firm of accountants for 2 years. In 2011, she returned to Mauritius and joined Extell Investments Limited (a member of South African based Bravura Group) where she worked for 5 years as Finance Manager.

(b) Senior Management Interests

Senior management holding shares in the Company and its subsidiary SIT Land Holdings Ltd as at 30 June 2018 is shown below:

s/n	Name	The Company - SIT		Subsidiary- SITLH	
		Number of Ordinary Shares		Number of Ordinary Shares	
		Direct	Indirect	Direct	Indirect
1	Mr Chittaman Jugroo	10,500	Nil	75,000	Nil
2	Mr Govinden Mareemootoo Veeramootoo	Nil	Nil	Nil	Nil
3	Mr Mahendra Kumar Ramroop	Nil	Nil	Nil	Nil
4	Mr Roudisteerun Mathaven	9,000	4,000	15,000	Nil
5	Mr Pawan Kumar Napaul	Nil	Nil	Nil	Nil
5	Mr Dayanand (Rakesh) Koobrawa	5,000	Nil	15,000	Nil
6	Mr Patrick Huët	Nil	Nil	Nil	Nil
7	Mrs Ranjeeta Deerpaul	Nil	Nil	Nil	Nil

3. ELECTION AND RE-ELECTION

The term of office of each Board member is three years. Three directors (including the Chairperson) are appointed by the Ministry of Agro Industry & Food Security under Section 5(2)(f) of the SIE Act. The remaining six directors are elected by the Assembly of Delegates under the following categories:

(i) two directors are elected by planters cultivating less than 5 hectares of land;
(ii) one director is elected by planters cultivating more than 5 hectares of land;
(iii) one director is elected by agricultural workers;
(iv) one director is elected by non-agricultural workers; and
(v) one director is elected by employees as defined under Part I(a)(v) of the Third Schedule of the SIE Act.

No director is eligible hold office for more than two successive terms.

In line with the recommendations of the New Code of Corporate Governance 2016, the Board assumes the responsibilities for succession planning and for the appointment and induction of new directors to the Board.

4. DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

The directors are aware of their legal duties as provided under the Companies Act 2001 and regularly monitors and evaluates compliance with its Code of Ethics. The Company Secretary maintains an interests register and is available for consultation to shareholders upon written request to the Company Secretary.

The remuneration of the non-executive directors are determined whilst having due regard to market conditions and the interest of the shareholders.

Monthly fees payable to the Chairperson and directors of Sugar Investment Trust and its subsidiaries as at 30 June 2018 are summarised as follows:

Positions	**Sugar Investment Trust (SIT)**	**SIT Land Holdings Ltd (SITLH)**	**SIT Property Development Ltd (SPDL)**
	Rs	Rs	Rs
Chairpersons	24,000	16,000	16,000
Directors	8,000	8,000	8,000

No emoluments were paid to the directors of SIT Leisure Limited, SIT Corporate and Secretarial Services Ltd, Executive Café Ltd, SIT Property Development Consultancy Ltd, SIT Ebène Property Development Ltd, Waterpark Leisure Ltd, NG Tower II Ltd, NG Tower III Ltd, NG Tower IV Ltd, NG Tower V Ltd, SIT Landscape Contracting Services Ltd and SIT Syndicate Services Ltd.

In line with the recommendations of the Code of Corporate Governance, the names of the Directors of the Company holding office as at 30 June 2018 and their respective earnings in terms of remunerations and other benefits are disclosed in the table hereunder:

No.	Name	The Company (Rs)	Subsidiaries & Committees (Rs)	Total (Rs)
1	Mr Preetam Boodhun	302,000	500	302,500
2	Mr Sachin Kumar Sumputh	104,000	101,950	205,950
3	Mr Uttam Junkeesaw	100,500	-	105,500
4	Mr Gansam Boodram	102,250	201,200	303,450
5	Mr Sobeersen Sanmukhiya	102,250	149,250	251,500
6	Mr Bhagwat Parsadsing Daumoo	99,500	196,000	295,500
7	Mr Yousouf Oodally	102,250	148,250	250,500
8	Mr Thierry Desire Laval Govinden	104,000	135,000	239,000
9	Mr Feroze Peerboccus	99,500	179,000	278,500
10	Mr Rajmohun Chooneea	-	98,500	98,500
11	Mr Farhad Boodhun	-	98,500	98,500
12	Mr Madhoo Soodhun Motah	-	199,000	199,000
13	Mr Kamless Seeam	-	198,500	198,500
14	Mr Khemlall Ramyad	-	199,500	199,500
15	Miss Ashitah Devi Sanmukhiya	-	197,500	197,500
16	Mr Oomeshsingh Banee	-	100,500	100,500
17	Mrs Divanandum Packiry P. Chinien	-	120,500	120,500
18	Mr Dhirshantsingh Ramkhelawon	-	46,800	46,800
19	Mr Chittaman Jugroo	-	48,000	48,000
20	Mr Satian Rao Deojee	-	33,500	33,500
21	Mr Prithvirajsing Gooransing (until 17 December 2017)	-	8,000	8,000
22	Mr Gunesh Beegadhur (as from 17 December 2017)	-	17,000	17,000

The Board ensures that an effective IT policies and strategy are in place within the SIT Group. In this respect, an independent IT Team has been appointed. The expenditures on information technology and information security policies are regularly reviewed and monitored.

The Chairperson ensures that all Board Members received accurate, timely and clear information whereas the Company Secretary ensures that good information flows within the Board and its committees and between senior management and non-executive directors. The Board makes sure that the directors have access to independent professional advice at the Company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All Board Members have an obligation to treat all matters relating to the Company, learned in their capacity as directors, in strict confidentiality and private and must not under any circumstance divulge them to anyone without the authority of the Board.

The Board has not yet adopted any policy regarding board and director appraisal but intends to implement same to be in line with the recommendations of the National Code of Corporate Governance.

5. RISK GOVERNANCE AND INTERNAL CONTROL

5.1 Risk Management and Internal Control System

The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. In this respect, a risk committee has been set up within the SIT Group.

The Board acknowledges that internal control is one of the mechanisms used to reduce risk to an acceptable level. It is the role of Senior Management to oversee the establishment, administration and assessment of the system and processes. The monitoring and review covers all material controls, including financial, operational and compliance. In this respect, internal control systems have been enhanced during the year to reduce risk and mitigate such deficiencies.

During the year, the internal control systems in respect of the operational activities for the subsidiary SIT Land Holdings Ltd, for the harvest season 2018 were enhanced to improve the effectiveness of the organisation. The said measure has proved to be fruitful for the Company as the expenditures of SITLH has significantly been reduced as compared to the last financial year.

5.2 Identification of key risk managements

(i) Please refer to Note 32 of the Financial Statements.

(ii) Shareholders' Data Protection Risk

The SIT Group has over 55,000 shareholders and therefore has to ensure that the share register is properly maintained and duly updated. SIT Corporate and Secretarial Services Ltd, which acts as Company Secretary of the Company, ensures that all share transfers and amendments in shareholders' particulars are entered into the share register. The risk of leakage of shareholders personal information definitely invites for a negative external image of the Company.

To overcome the risk, SIT Corporate and Secretarial Ltd has worked in close collaboration with the Central Depository & Settlement Co Ltd (CDS), to ensure the highest level of privacy of shareholders personal information. The share transfers and any change in shareholders particulars are stocked in an external IT database, monitored by CDS at its registered office. Moreover, regular interaction is made with the Commissioner of Data Protection Office to ensure that the provisions of the Data Protection Act are thoroughly complied with. Therefore, with the above structure in place, the likelihood of any leakage of shareholders personal information can be said to be negligible.

6. REPORTING WITH INTEGRITY

The Board is responsible for the preparation of accounts that fairly present the state of affairs of SITLH and also have to ensure that such accounts adhere to IFRS, IAS and the Companies Act 2001.

6.1 Charitable donations

Charitable donations made by the Group for the year under review is as follows:

	2018 Rs'000	2018 Rs'000
The Company	-	-
The Subsidiaries	597	-

6.2 Political donations

The Company, in line with its policy, did not make any political donation during the year under review (2017: Rs nil).

6.3 Carbon reduction reporting

The Company actually does not have any policy set towards carbon reduction schemes. Nevertheless, it has adopted and implemented within the Group, the following measures amongst others, with the aim of reducing the use of carbon.

- The Company has preferred to go for the Pyroelectric ("Passive") Infrared (PIR) sensor which allows sensing movement of a body within a range of 5 to 7 metres within an office space instead of use of the traditional switch system. The impact of the PIR is such that it switches automatically upon movement of any individual. Subsequently, in the absence of staff members, the office lights switches off automatically and thus lowers consumption of electricity.
- The Company is also via its associate SIT Property Development Ltd (SPDL), planning to set up two solar farms, in its residential morcellement project, Aurea- Living Harmony. With the imminent implementation of these solar farms, SPDL plans to convert heat energy into electrical energy during the day which shall be transferred to the CEB Grid. This will allow transmission of electricity solely from solar energy which in a way will avoid burning of coal for production of electricity.
- The Company has also come up with implementation of the VRF (Variable Refrigerant Flow) Air- Conditioning System in its office. The VRF units work only on predetermined rates which allows for substantial energy savings. This eventually contributes to less use of electricity and carbon emission.

With the above main actions undertaken by the Company, the SIT Group has shown that despite not yet having any policy regarding carbon reduction, it has in its best endeavours tried to be in line with the international needs towards a green environment and promote use of energy efficient systems within its office.

6.4 Sustainability reporting

The Company has developed and implemented social, safety, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks.

6.5 Corporate and Social Responsibility

The Company has not undertaken any CSR activity during the year under review.

SIT Sugar Investment Trust

7. AUDIT

An internal audit department was set up in January 2018. The scope of internal auditing within Sugar Investment Trust (the Group and its companies) is broad as companies in the Group have activities in sugar cane cultivation and harvesting, rental of buildings, waterpark business and property development projects.

The Institute of Internal Auditors (IIA) defines Internal Auditing as:

"An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Consistent with its mission, the Internal Audit Department (IAD) provides management with information, appraisals, recommendations, and counsel regarding the activities examined and other significant issues.

IAD performs the following tasks in accordance with its overall strategy:

- Verify the existence of assets and recommend proper safeguards for their protection;
- Evaluate the adequacy of the system of internal controls;
- Recommend improvements in controls;
- Assess compliance with policies and procedures and sound business practices;
- Assess compliance with laws, regulations and contractual obligations;
- Review operations/programs to ascertain whether results are with established objectives and whether the operations/programs are being carried out as planned;
- Investigate reported occurrences of fraud, embezzlement, theft, waste etc.
- Ad hoc assignments from the Chief Executive Officer.

In carrying out the duties and responsibilities, Head of Internal Audit issues reports to the Chief Executive Officer and who takes remedial actions immediately. Such reports are made available to the Chairman of the Audit Committee.
In the course of their duties, internal auditors have full, free and unrestricted access to management, employees, any of the Company's financial and operational activities, physical operations and to all information/records considered necessary for the proper execution of internal audit's work, subject to strict accountability for safekeeping and confidentiality thereof.

As of 31st December 2018, the internal auditors have carried out a significant number of assignments for most of the companies in the Group relating to assets, revenue, expenditure items as well as capital works. Other assignments are still in progress.

The Internal Auditor regularly reports to the Audit Committee and it is usually at least four times during a year.

The Audit Committee has discussed the critical policies, judgements and estimates with the external auditor.

Usually, the SIT Group appoints a new external auditor after every three financial years. External Auditors are appointed through bidding process and the last tender was launched January 2018 and Mazars was appointed a External Auditors at the Annual General Meeting held in March 2018.

For the financial year ended 30 June 2017, the previous external auditor KPMG was also providing tax compliance services and the sum was paid during the financial year ended 30 June 2018 as shown in the Statutory Disclosure.

8. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Board aims to properly understand the information needs of all shareholders and places great importance on an open and meaningful dialogue with all those involved with the Company. It ensures that shareholders are kept informed on matters affecting the Company. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend annual general meeting, to which all shareholders are invited.

In April 2017, the SIT Group had undertaken a Rs. 1.5 Bn Secured Note Issue Programme where notes were issued in tranches of Rs. 300 M, Rs. 600 M and Rs. 600 M with maturity after 3 years, 5 years and 7 years respectively. The Board is committed to make optimal use of its resources to explore new and well analysed viable projects that would generate sufficient cash inflows for the benefit of its Noteholders and Shareholders.

8.1 Shareholders holding more than 5% of the capital of the Company

SHAREHOLDER	NO. OF SHARES	PERCENTAGE HOLDING (%)
The National Pensions Fund	41,263,241	10.58
MCB Equity Fund Ltd	25,992,500	6.67
Government of Mauritius	25,464,426	6.53

8.2 Dividend Policy

The company aims to ensure that its shareholders have a consistent return on their investments in the form of stable dividends. The dividend cover and dividend yield trend over the past years as shown below:

Year	Dividend Cover (Times)	Dividend Yield (%)
2017	5.32	4
2016	7.28	3
2015	0.00	0
2014	2.41	10
2013	2.27	12

8.3 Annual Meeting of Shareholders

The next annual meeting of shareholders will be conducted in March 2019 and notice of annual meeting and other shareholder meetings and related papers will be sent to the shareholders at least 14 days before the meeting in accordance with the Companies Act 2001.

8.4 Related party transactions

Please refer to Note 35 of the Financial Statements.

8.5 Important Events

Reporting

Publication of Unaudited Abridged Interim Financial Statements for Quarter ending September 30, 2018	15 November 2018
Publication of Unaudited Abridged Interim Financial Statements for Half year ending December 31, 2018	15 February 2019
Annual Meeting of Shareholder	28 March 2019
Publication of Unaudited Abridged Interim Financial Statements for nine months ending March 31, 2018	15 May 2019
Publication of Audited Financial Statements for year ending June 30, 2019	30 September 2019

8.6 Employee Share-Option Plan

There is no share-option plan in place for the directors and employees of the Company.

8.7 Material clauses of the constitution

A copy of the SIT Rules is available upon request at the registered office of the Company and on the website.

9. SHAREHOLDERS' AGREEMENT

There is no shareholder's agreement. However, section 6 of the SIE Act provides for an Assembly of Delegates, whereby 6 representatives from each factory area are elected by shareholders of the Company. The election of delegates is held every three years. An election of directors is further held whereby 6 delegates are elected from the Assembly of Delegates to hold office as directors on the Board of the Company for a term of 3 years.

The remaining delegates are appointed as directors on the sugar milling companies, thereby representing the Company on the Board of Directors.

10. MANAGEMENT AGREEMENT

The Company has not entered into any management agreement with third parties.

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

Director **Director**

Date: 21 December 2018

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity	:	Sugar Investment Trust
Reporting Period	:	01 July 2017 to 30 June 2018

We, the Directors of Sugar Investment Trust (SIT), confirm that to the best of our knowledge, SIT has complied with the principles of the Code of Corporate Governance (the "Code") except for the following:

Principle 1 – Governance Structure

- *Adoption of a Board Charter*

The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Company presently has not adopted any written Board Charter, but will develop one during the next financial year to be in line with the recommendations of the National Code of Corporate Governance 2016.

Principle 2 – The Structure of the Board and its Committees

- *Independent Directors*

Although the National Code of Corporate Governance 2016 recommends having at least two Executive Directors and two Independent Directors, the Board believes that the Board composition is adequate due to the size and complexity of the business, which is in line with the Company's Constitution.

- *Gender Balance on the Board*

Presently no mechanism is in place within SIT to promote gender balance on the Board, as the Board members are elected and appointed by the Company's shareholders as provided under the SIE Act.

Principle 3 – Director Appointment Procedures

- *Induction and Orientation Process*

During the year, the directors did not attend and participate in an induction and orientation process. However, with the constitution of a new Board in November 2018, an induction and orientation programme will be carried out for the new directors during the next financial year.

- *Professional development and ongoing education of directors*

The Company did not undertake any professional development and ongoing education of directors during the year but will consider implementing such system.

Principle 4 – Directors Duties, Remuneration and Performance

- *Conflicts of Interest*

Presently, the SIT Group does not have any formal conflict of interest and related party transactions policy by will adopt same as from the next financial year in line with the National Code of Corporate Governance for Mauritius.

- *Board Evaluation and Development*

The SIT Group did not appoint any independent Board Evaluator during the year under review and no Board evaluation and development processes were undertaken. However, the SIT Group will consider implementing one as from the next financial year.

Principle 5 – Risk Governance and Internal Control

- *Whistle-blowing rules and procedures*

The Board has not adopted ant whistle-blowing rules and procedures yet but will implement one soon during the course of the next financial year.

Director

Director

Date: 21 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30 June 2018

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 Group and the Company as at the end of the financial year and the results of operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS) and the requirements of the Mauritius Companies Act and the Financial Reporting Act; and

(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, the Financial Reporting Act and the Mauritius Companies Act have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified;

(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Approved by the Board of Directors on 21 December 2018 and signed on its behalf by:

Director

Director

SECRETARY'S CERTIFICATE

for the year ended 30 June 2018

In accordance with section 166(d) of the Mauritius 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 Companies Act 2001.

Mr Mahendra Kumar Ramroop FCCA

FOR SIT CORPORATE AND SECRETARIAL SERVICES LTD
Company Secretary

Date: 21 December 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUGAR INVESTMENT TRUST

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of SUGAR INVESTMENT TRUST ("the Group and the Company"), which comprise the consolidated and separate statements of financial position as at 30 June 2018 and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 49 to 108.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of SUGAR INVESTMENT TRUST as at 30 June 2018 and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and its subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.
Other information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, the Statement of Compliance, Commentary of Directors and the Secretary's Certificate as required by the Mauritius Companies Act 2001 which we have obtained prior to date of the audit report. Other information 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUGAR INVESTMENT TRUST

Responsibilities of the Directors and Those Charged with Corporate 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 Mauritius 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.

Auditor's Responsibilities for the Audit of the Financial Statements

In preparing the financial statements, directors are responsible for assessing the Group's 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 corporate governance are responsible for overseeing the Group and the Company's financial reporting process.

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 judgment 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 the 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 and the Company 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, wedetermine 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

Mauritius Companies Act 2001

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors the Company:
- We have obtained all information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the requirements of the Code of Corporate Governance (the "Code") and on whether the disclosure is consistent with the requirements of the Code. In our opinion, the disclosure is consistent with the requirements of the Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUGAR INVESTMENT TRUST

Other Matter

(i) The financial statements of the Company for the year ended 30 June 2017 were audited by another auditor, whose audit report dated 14 December 2017, expressed an unqualified opinion on these financial statements.

(ii) This report, including the opinion has been prepared for and only the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius 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. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into those whose hands it may come save where expressly agreed by our prior consent in writing.

Mazars

Udaysingh Taukoordass, FCA
Licensed by FRC

Date: 21 December 2018

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		THE GROUP			THE COMPANY		
	Notes	2018 Rs'000	2017 RESTATED Rs'000	2017 Rs'000	2018 Rs'000	2017 RESTATED Rs'000	2017 Rs'000
ASSETS							
Non-current assets							
Land	5	386,844	386,844	386,844	-	-	-
Property, plant and equipment	6	11,586	15,177	15,177	1,459	1,762	1,762
Intangible assets	7	135	42	42	135	42	42
Investment property	8	816,655	838,788	838,788	-	-	-
Investment in subsidiaries	9	-	-	-	167,476	167,476	167,476
Investment in associates	10	2,179,012	2,216,005	2,216,005	927,015	1,231,538	1,231,538
Available-for-sale investments	11	630,343	697,650	1,177,108	630,343	697,650	1,177,108
Development projects costs	12	29,179	26,669	26,669	-	-	-
Total non-current assets		4,053,754	4,181,175	4,660,633	1,726,428	2,098,468	2,577,926
Current assets							
Consumable biological assets	13	13,565	20,976	20,976	-	-	-
Inventories	14	2,776	1,850	1,850	-	-	-
Trade and other receivables	15	222,115	104,781	104,781	1,773,566	1,603,061	1,603,061
Cash and cash equivalents	30(b)	168,168	107,522	107,522	61,375	78,627	78,627
Assets held for sale	16	1,193,116	1,360,350	1,360,350	-	-	-
Total current assets		1,599,740	1,595,479	1,595,479	1,834,941	1,681,688	1,681,688
TOTAL ASSETS		5,653,494	5,776,654	6,256,112	3,561,369	3,780,156	4,259,614
EQUITY AND LIABILITIES							
Equity							
Stated capital	17	389,852	389,852	389,852	389,852	389,852	389,852
Share premium	17	13,931	13,931	13,931	13,931	13,931	13,931
Fair value reserves		1,519,286	1,566,300	2,045,758	541,824	893,361	1,372,819
Retained earnings		1,300,715	1,243,592	1,333,863	1,015,464	899,319	899,319
Equity attributable to owners of the Company		3,223,784	3,213,675	3,783,404	1,961,071	2,196,463	2,675,921
Non-controlling interests		684,156	706,378	616,107	-	-	-
Total equity		3,907,940	3,920,053	4,399,511	1,961,071	2,196,463	2,675,921
Liabilities							
Non-current liabilities							
Notes	18	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Retirement benefit obligations	19	31,188	28,681	28,681	2,640	3,507	3,507
Deferred tax liabilities	20	1,129	4,605	4,605	-	-	-
Total non-current liabilities		1,532,317	1,533,286	1,533,286	1,502,640	1,503,507	1,503,507
Current liabilities							
Current tax liabilities	27(a)	10,263	6,298	6,298	12,208	-	-
Bank overdraft	30(b)	8	-	-	8	-	-
Trade and other payables	21	202,966	216,627	216,627	85,442	80,186	80,186
Provisions		-	100,390	100,390	-	-	-
Total current liabilities		213,237	323,315	323,315	97,658	80,186	80,186
Total liabilities		1,745,554	1,856,601	1,856,601	1,600,298	1,583,693	1,583,693
TOTAL EQUITY		5,653,494	5,776,654	6,256,112	3,561,369	3,780,156	4,259,614

Approved by Board of directors on 21 December 2018 and signed on its behalf by

Directors

Directors

The notes on pages 49 to 108 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		THE GROUP			THE COMPANY		
	Notes	2018 Rs'000	2017 RESTATED Rs'000	2017 Rs'000	2018 Rs'000	2017 RESTATED Rs'000	2017 Rs'000
Revenue	22	367,589	1,270,009	1,270,009	123,086	119,505	119,505
Cost of sales	23	(202,369)	(1,010,702)	(1,010,702)	-	-	-
Gross profit		165,220	259,307	259,307	123,086	119,505	119,505
Other income	24	82,108	30,536	30,536	28,194	36,347	36,347
Administrative expenses	25	(98,166)	(131,873)	(131,873)	(48,234)	(84,090)	(84,090)
Operating profit		149,162	157,970	157,970	103,046	71,762	71,762
Finance income		2,915	5,054	5,054	134,305	117,001	117,001
Finance costs		(92,501)	(128,065)	(128,065)	(92,500)	(108,744)	(108,744)
Net finance (costs) / income	26	(89,586)	(123,011)	(123,011)	41,805	8,257	8,257
Share of profit of associates, net of tax	10	16,557	61,387	61,387	-	-	-
Profit before taxation		76,133	96,346	96,346	144,851	80,019	80,019
Taxation	27(b)	(11,684)	(19,989)	(19,989)	(12,208)	-	-
Profit for the year		64,449	76,357	76,357	132,643	80,019	80,019
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Re-measurement of defined benefit liability		(953)	(1,087)	(1,087)	(904)	(816)	(816)
Share of other comprehensive income of associates		-	3	3	-	-	-
Items that are or may be reclassified subsequently to profit or loss							
Movement in fair value of investments		(47,014)	(468,368)	11,090	(351,537)	(507,586)	(28,128)
Other comprehensive income		(47,967)	(469,452)	10,006	(352,441)	(508,402)	(28,944)
Total profit and other comprehensive income for the year		16,482	(393,095)	86,363	(219,798)	(428,383)	51,075
Profit attributable to:							
Owner of the Company		86,622	83,059	83,059	132,643	80,019	80,019
Non-controlling interest		(22,173)	(6,702)	(6,702)	-	-	-
		64,449	76,357	76,357	132,643	80,019	80,019
Total profit and other comprehensive income attributable to:							
Owners of the Company		38,704	(386,122)	93,336	(219,798)	(428,383)	51,075
Non-controlling interest		(22,222)	(6,973)	(6,973)	-	-	-
		16,482	(393,095)	86,363	(219,798)	(428,383)	51,075
Earnings per share (Rs)	28	0.17	0.20	0.20	0.34	0.20	0.21

The notes on pages 49 to 108 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

THE GROUP	Stated capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
At 01 July 2016	389,852	13,931	2,034,665	1,273,066	3,711,514	623,080	4,334,594
Restatement of fair value reserves (Note 36)	-	-	(479,458)	-	(479,458)	-	(479,458)
Restatement of minority interest balance (Note 36)	-	-	-	(90,271)	(90,271)	90,271	-
As restated	389,852	13,931	1,555,207	1,182,795	3,141,785	713,351	3,855,136
Total comprehensive income							
Profit for the year	-	-	-	83,059	83,059	(6,702)	76,357
Other comprehensive income	-	-	11,093	(816)	10,277	(271)	10,006
Total comprehensive income	-	-	11,093	82,243	93,336	(6,973)	86,363
Transactions with owners of the Company							
Contribution and dividend							
Dividends (Note 29)	-	-	-	(21,446)	(21,446)	-	(21,446)
At 30 June 2017	389,852	13,931	1,566,300	1,243,592	3,213,675	706,378	3,920,053
At 01 July 2017	389,852	13,931	1,566,300	1,243,592	3,213,675	706,378	3,920,053
Total comprehensive income							
Profit for the year	-	-	-	86,622	86,622	(22,173)	64,449
Other comprehensive income	-	-	(47,014)	(904)	(47,918)	(49)	(47,967)
Total comprehensive income	**-**	**-**	**(47,014)**	**85,718**	**(38,704)**	**(22,222)**	**16,482)**
Transactions with owners of the Company							
Contribution and dividend							
Dividends (Note 29)	-	-	-	(28,595)	(28,595)	-	(28,595)
At 30 June 2018	**389,852**	**13,931**	**1,519,286**	**1,300,715**	**3,223,784**	**684,156**	**3,907,940**

The notes on pages 49 to 108 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

THE COMPANY	Stated capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At 01 July 2016	389,852	13,931	1,400,947	831,812	2,636,542
Restatement of fair value reserves (Note 36)	-	-	(479,458)	-	(479,458)
As restated	389,852	13,931	921,489	831,812	2,157,084
Total comprehensive income					
Profit for the year	-	-	-	80,019	80,019
Other comprehensive income	-	-	(28,128)	(816)	(28,944)
Total comprehensive income	**-**	**-**	**(28,128)**	**79,203**	**51,075**
Transactions with owners of the Company					
Contributions and distributions					
Dividend (Note 29)	-	-	-	(11,696)	(11,696)
At 30 June 2017	389,852	13,931	893,361	899,319	2,196,463
At 01 July 2017	389,852	13,931	893,361	899,319	2,196,463
Total comprehensive income					
Profit for the year	-	-	-	132,643	132,643
Other comprehensive income	-	-	(351,537)	(904)	(352,441)
Total comprehensive income	**-**	**-**	**(351,537)**	**131,739**	**(219,798)**
Transactions with owners of the Company					
Contributions and distributions					
Dividend (Note 29)	-	-	-	(15,594)	(15,594)
At 30 June 2018	**389,852**	**13,931**	**541,824**	**1,015,464**	**1,961,071**

The notes on pages 49 to 108 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

		THE GROUP		THE COMPANY	
	Notes	**2018**	**2017**	**2018**	**2017**
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash Flows from operating activities					
Cash generated from / (used in) operations	30(a)	125,330	424,585	(63,166)	(95,310)
Development project costs	12	(2,510)	(3,500)	-	-
Additions to assets held for sale	16	(4,518)	(20,846)	-	-
Tax paid	27(a)	(11,187)	(25,304)	-	-
Interest income	26	2,915	5,054	134,305	117,001
Interest expense	26	(92,501)	(125,508)	(92,500)	(108,744)
Net cash generated from / (used in) operating activities		**17,529**	**254,481**	**(21,361)**	**(87,053)**
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(1,839)	(2,109)	(460)	(136)
Purchase of intangible assets	7	(137)	-	(137)	-
Proceeds from sale of land		3,254	-	-	-
Additions to investment in associates	10	-	(14,885)	-	(14,885)
Additions to bearer plant canes		-	(1,973)	-	-
Proceeds from share buy back	11	20,292	-	20,292	
Additions to investment property	8	(3,416)	(31,288)	-	-
Dividend received		53,550	51,100	-	-
Net cash generated from / (used in) investing activities		**71,704**	**845**	**19,695**	**(15,021)**
Cash flows from financing activities					
Proceeds from issue of shares		-	1,500,000	-	1,500,000
Proceeds from borrowings		-	34,600	-	34,600
Repayment of borrowings		-	(1,559,327)	-	(1,261,562)
Dividend paid to Company's shareholders		(28,595)	(21,446)	(15,594)	(11,696)
Net cash (used in) / generated from financing activities		(28,595)	(46,173)	(15,594)	261,342
Net increase / (decrease) in cash and cash equivalents		60,638	209,153	(17,260)	159,268
Cash and cash equivalents at 01 July,		107,522	(101,631)	78,627	(80,641)
Cash and cash equivalents at 30 June,	**30(b)**	**168,160**	**107,522**	**61,367**	**78,627**

The notes on pages 49 to 108 are an integral part of these consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Sugar Investment Trust, a body corporate established under the Sugar Industry Efficiency Act 2001, operates on a commercial basis as a public company in accordance with the provisions of the Companies Act 2001. The principal place of business and address of the registered office of Sugar Investment Trust (the "Company") is Ground Floor, NG Tower, Cybercity, Ebène.

The consolidated and separate financial statements as at 30 June 2018 comprise the Company and its subsidiaries (collectively referred as the "Group") and the Group's interest in associate.

The Group is primarily involved in:

- investment holding;
- dealing in matters relating to agriculture in general;
- acquire, hold and/or dispose of moveable and immovable properties;
- rental of office space; and
- operation of leisure park and through the democratisation policy.

These consolidated and separate financial statements will be submitted for consideration at forthcoming Annual General Meeting of shareholders of the Group and the Company.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated and separate financial statements of Sugar Investment Trust have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with requirements of the Mauritius Companies Act and Financial Reporting Act. They were authorised for issue by the Company's Board of Directors on 21 December 2018.

(b) Basis of preparation

These consolidated and separate financial statements have been prepared under the historical cost basis, except for the following material items in the consolidated and separate statements of financial position:

- Consumable biological assets (Note 13) are stated at fair value less cost to sell; and
- Relevant financial assets and liabilities stated at fair value.

2. BASIS OF PREPARATION (CONTINUED)

(i) Standards, Amendments to published Standards and Interpretations issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted. At the reporting date in these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	01 January 2018
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019
IFRS 17 Insurance contracts	01 January 2021
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts *Amendments to IFRS 4)	01 January 2019
Classification and Measurement of Share-based Payment Transactions – (Amendments to IFRS 2)	01 January 2019
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	01 January 2019
Annual improvements to IFRSs 2015-2017 Cycle	01 January 2019
Transfer of Investment Property (Amendments to IAS 40)	01 January 2018
Contracts (Amendments to IFRS 4)	01 January 2019
Prepayment features with negative compensation (Amendments to IFRS 9)	01 January 2019
Long-term interests in Associates and Joint Venture (Amendments to IAS 28)	01 January 2019
Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)	01 January 2019
The Conceptual Framework for Financial Reporting	01 January 2020
Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	01 January 2019

The above new standards and amendments to existing standards issued but not yet effective are not expected to have an impact on the Company except for IFRS 9 as listed below:

IFRS 9 Financial Instruments – classification and measurement of financial assets, Accounting for financial liabilities and derecognition – Effective January 1, 2018

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

(i) Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an

2. BASIS OF PREPARATION (CONTINUED)

(i) Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument by instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

(ii) Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 financial instruments: recognition and measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

(iii) Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 will be adopted retrospectively as of the date of initial application on July 1, 2018. However, the Group will take advantage of the option not to restate comparatives. Therefore, the June 30, 2018 figures will be presented and measured under IAS 39.

No change is expected with respect to the investments held by the Group as these were classified as financial assets at fair value through other comprehensive income and measured at fair value, which is in line to IFRS 9.

In line with the characteristics of the Group's financial instruments as well as its approach to their management, the Group will neither revoke nor make any new designations on the date of initial application. IFRS 9 will not result in changes in the carrying amount of the Group's financial instruments due to changes in measurement categories. All financial assets that were classified as loans and receivables and measured at amortised cost will continue to be.

The carrying amounts of amortised cost instruments will continued to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9.

The amendment has no impact on the Group's financial statements.

(iv) Impairment

The impairment requires are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contracts assets under IFRS 15; and lease receivables under IAS 17 leases. Entities are generally required to recognise either 12 months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised. Given the limited exposure of the Group to credit risk, this standard's impairment requirements has not had a material impact on the financial statements. The Group only holds other receivables with no financing component and therefore has adopted the simplified approach to ECLs.

2. BASIS OF PREPARATION (CONTINUED)

(i) Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

(v) Hedge accounting

Hedge effectiveness testing is prospective without the 80 to 125 bright line test in IAS 39. and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non- financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.

The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as' the hedged item are possible, including layer designations and some net positions.

The Group determined that all existing hedge relationships that are currently designated as effective hedging relationships will continue to qualify to hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group financial statements but additional disclosures will be required in respect of hedge accounting. The Group will continue to apply the hedging requirements of IAS 39 up to the effective date of the new standard.

IFRS 15 Revenue from Contracts with customers - effective January 1 2018

IFRS 1 S provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer:
- Identity the performance obligations in the contract;
- Determine the transaction price,
- Allocate the transaction price to the performance Obligations in the contracts: and
- Rec09nise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting tor variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The directors have assessed the impact of IFRS 5 on the financial statements of the Group Under the current terms and conditions of the contracts, it is unlikely that there will be more than one performance obligation Any contract costs that the Group expects to recover will be recognised as an asset.

(vii) Clarifications to IFRS 15 'Revenue from Contracts with Customers - effective January 1, 2018

IASB amended IFRS 15 revenue from Contracts with customers to clarify three aspects 0f the standard (identifying performance obligations, principal versus agent consideration and licensing) and to provide some transition relief for modified contracts and completed contracts.

No early adoption of these standards and interpretations is intended by the Board of directors.

2. BASIS OF PREPARATION (CONTINUED)

(i) Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

IFRS 16 Leases - effective January 1, 2019

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC L Determining whether an Arrangement contains a Lease. SIC•15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g, personal computers] and short-term leases [i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments [i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e the right-of-use asset) Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events e.g, a change in the lease term, a change in future lease payments resulting from a Change In an index or rate used to determine t hose payments]. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases' operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The: standards transition provisions permit certain reliefs.

Management is still assessing the impact of adoption.

No early adoption of these standards and interpretations is intended by the Board of directors.

Annual improvements 2015 – 2017 cycle – January 1, 2019

The following amendments were made to these standards:

IFRS 3 business combinations – clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

2. BASIS OF PREPARATION (CONTINUED)

(i) Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

IFRS 11 Joint Arrangements – a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

IAS 12 Income taxes – clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributors to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

IAS 23 Borrowing costs – clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Management is still assessing the impact from the adoption of these new or amended standards and interpretations on the Group's financial statements.

(c) Functional and presentation currency

These consolidated and separate financial statements are presented in Mauritian Rupees ("Rs"), which is the Group's and Company's functional and presentation currency. All values are rounded to the nearest thousand (Rs'000), except where otherwise indicated.

(d) Use of estimates and judgements

In preparing these consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is included in the following notes:

- Note 3(a): Consolidation: whether the Company has de facto control over the investee;
- Note 3(t): Lease classifications;
- Note 4(vii): Asset lives and residual values; and
- Note 32(c)(ii) Recoverability of amounts due from related parties.

2. BASIS OF PREPARATION (CONTINUED)

(i) Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2018 is included in the following notes:

Note 3(c): Impairment - key assumptions underlying recoverable amounts;
Note 3(b): Consumable biological assets – determining the fair value of consumable biological assets on the basis of significant unobservable inputs;
Note 3(q): Retirement benefit obligations – measurement of defined benefit obligation- key actuarial assumptions; and
Note 4(v): Determining the fair value of securities on the basis of significant unobservable inputs

Measurement of fair values

When measuring the fair value of an asset, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(e) Going concern

The directors have made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company have the resources to continue in business in the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements.

(a) Basis of consolidation

(i) Separate financial statements of the investor

Investments in subsidiaries are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) 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 in 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 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 interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition date fair value of any previous equity interest in the acquire over the fair value 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 profit or loss as 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 interest

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 equity is re-measured 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Consolidated financial statements (continued)

assets. In additions, 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 and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Investments in associates

Consolidated and separate 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. 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.

Any excess of the cost of acquisition over 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 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 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 obligations 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 transactions provide 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.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group and the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency transactions (continued)

currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(c) Financial assets

(i) Categories of financial assets

The Group classifies its financial assets as available-for-sale financial assets. The classifications depend on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting period.

(ii) Recognition and measurement

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investment are initially measured at fair value plus transactions costs for all financial assets.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at their fair values.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured at cost.

Unrealised gains and losses arising from changes in the far value of financial assets classified as available-for-sale are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair values by considering various valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, net assets, capitalised earnings and dividend basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Recognition and measurement (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(iii) Impairment of financial assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. subsequent to initial recognition, loans and receivables are measured at amortised cost using the Effective Interest Rate method (EIR), less any impairment. The Group's loans and receivables comprise cash and cash equivalents and trade and other receivables.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position.

(f) Trade and other payables

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

(g) Stated capital

Ordinary shares are classified as equity. Incidental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(h) Consumable biological assets

Standing sugar cane crop

Standing canes are measured at their fair value. The fair value of standing canes is the present value of expected net cash flows from the standing canes discounted at the relevant market determined pre-tax rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nursery plant

Nursery plant are measured at their fair value. The fair value of the nursery plant is the present value of expected net cash flows from sale of the nursery plant, discounted at the relevant market determined pre-tax rate.

Changes in fair value of biological assets are recognised in profit or loss.

(i) Land

The Group holds agricultural land at Mon Tresor, Britannia and Le Bouchon which are mostly under sugar cane cultivation as well as residential land (freehold land) at Belle Rive. Land is stated at cost and is not depreciated.

Any gain or loss on disposal of freehold land (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

Reclassification to investment property

When the use of the land changes from owner-occupied to investment property, the land is reclassified accordingly.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

The cost of and expenditure incurred in respect of land preparation and planting of virgin canes is capitalised as bearer plant canes under plant and equipment.

Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the Company.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The depreciation rates for the current and comparative periods are as follows:

	Annual rates (%)
Buildings and leisure park on leasehold land	2% - 4%
Freehold building	2%
Infrastructure and landscaping	10%
Waterpark equipment	10% - 20%
Amusement rides	10%
Furniture and fittings	10% - 33 1/3%
Office equipment	20%
Computer equipment	20% - 33 1/3%
Motor vehicles	20%
Electrical equipment	10%
Bearer plant canes*	14%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**Bearer plant canes*

Bearer plant cane, a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce.

Bearer plant canes comprise of related costs incurred for the plantation of cane sets. Bearer plant canes are valued at cost less accumulated depreciation.

(k) Intangible assets

(i) Recognition and measurement

Intangible assets comprise of software licences that are acquired by the Group and the Company and have finite useful lives. These are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight–line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are 3 to 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Investment property

Investment property comprises of buildings and portions of land leased out as well as a building built on leasehold land that is held for long-term rental yields.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Investment property which comprises solely of land is not depreciated. Depreciation on other items of the investment property is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives as follows:

Buildings	50 years
Fixtures and fittings	5 – 10 years
Computer equipment	3 years
Computer software	5 years
Office equipment and partitioning	5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

Transfers for land to investment property are accounted at carrying amount.

(m) Development project costs

Costs incurred in respect of site preparation, land costs, aggregate cost of development, borrowing costs capitalised and other direct expenses are recognised as development project costs. The properties are subsequently carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties. When the properties will be sold, the carrying amount of the properties is recognised in profit or loss as cost of property sold in the period in which the related revenue is recognised. The amount of any write-down of the properties to net realisable value is recognised as an expense in the period the write-down occurs. The amount of any reversal of any write-down of the properties arising from an increase in net realisable value is recognised as a reduction in the cost of property sold in the period in which the reversal occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises of cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the weighted average method. Net realisable value is the estimate of selling price in the ordinary course of business less the costs to completion and selling expenses.

(o) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

(p) Notes

The Group's and Company's notes are classified as financial liabilities since they contain an obligation to deliver cash upon maturity of these instruments. The notes are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss, as incurred. Subsequent to initial recognition, the notes are measured at amortised cost using the effective interest method.

(q) Retirement benefit obligations

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Defined benefit plan

The Group's and the Company's net obligations in respect of defined benefit pension plans for employees is calculated by estimating the amount of future benefit that its employees have earned in return for their service in the current and prior periods, discounting that amount to determine the present value and deducting the fair value of any plan assets. The discount rate is the yield at the end of the reporting period. The net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a qualified actuary (SWAN Life Ltd and AON Hewitt Ltd) using the projected unit credit method on a yearly basis. The obligations arising under this item are not funded.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group and the Company determines the net interest expense or income on the net defined benefit liability or 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 then-net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of profit or loss and other comprehensive income.

Any actuarial gain and loss that arises is recognised immediately in other comprehensive income.

(r) Taxation

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

(a) has a legal enforceable right to set off the recognised amounts, and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group and the Company are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met:

(i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or
(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(iii) Corporate social responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (“CSR”) is regarded as a tax and is therefore subsumed with the income tax recognised in the profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current year is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate used to compute the amount are those charged or substantively enacted by the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Provisions

A provision is recognised if, as a result of a past event, when the Group and the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(t) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Leases of property, plant and equipment that transfer to the Group and the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group and the Company's statement of financial position.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The Group's and the Company's revenue are recognised and measured as follows:

(i) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(ii) Proceeds from sugar, related by-products of sugar and other agricultural produce

Revenue from sugar, related by-products of sugar and other agricultural produce are measured at the fair value of the consideration received or receivable.

(iii) Proceeds from sale of land

Revenue is measured at the fair value of the consideration received or receivable for properties disposed, stated net of discounts.

(iv) Investment property rental income

Land and buildings leased out under operating lease are classified as investment property in the statement of financial position. Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

(v) Other income

Other income is recognised as is accrues unless collectability is in doubt.

(w) Expenses

All expenses are accounted in profit or loss on an accrual basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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.

Critical accounting estimates and assumptions

The Group and the Company make 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.

(i) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, they evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Consumable biological assets

Consumable biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. The determination of fair value is based on active market values, where appropriate, or management's assessment of the fair value based on available data and benchmark statistics, using the discounted cash flow technique.

(iii) Retirement benefit obligation

The present value of the pension obligations depends 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. Any changes in these assumptions will impact the carrying amount of pension obligation.

The Group and the Company determine the appropriate discount rate at the end of the each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligation are based in part on current market conditions. Additional information is disclosed in Note 19.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iv) Limitations of sensitivity analysis

Sensitivity analysis in respect or market risk demonstrates the effect of a change in key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

(v) 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, multiple earnings, net asset value, cost or dividend, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quality and quantity of pricing source used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(vi) Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets

(vii) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

(viii) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the Group's investment property portfolio and concluded that certain of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sales. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for certain of the Group's investment properties. As a result, the Group has recognised deferred taxes on changes in fair value of such investment properties.

5. LAND

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At 01 July,	386,844	420,432
Land written off (Note (a))	-	(534)
Transfer to assets held for sale (Note (b) and Note 16)	-	(1,767)
Transfer to investment property (Note (b) and Note 8)	-	(31,287)
At 30 June,	386,844	386,844

(a) During the year ended 30 June 2017, the land register and database kept were not maintained properly by the Group. There were inconsistencies between records kept by the Land Business Unit (LBU) and the finance department regarding the extent of land. The directors with the help of the LBU have reconciled the land register with the title deeds and ensured that the records on the extent of land are up to date. The impact on prior year is immaterial and the directors have decided to make all adjustments in this year's financial statements.

(b) The directors have also made an assessment on the classification of land for the year and noted that 14.07 arpents of land at Union Park that have been earmarked as held for sale during the year should be classified as assets held for sale and 249.14 arpents of land at Britannia and Highlands which were leased out for cultivation of agricultural produce during the year should be classified as investment property (also see notes 8 and 16 respectively).

(c) Land has been pledged as security for the notes issued by the Company.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings Leisure Park on Leasehold Land	Infrastructure and Landscaping	Assets under construction	Waterpark Equipment	Amusement Rides	Furniture and Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Electrical Equipment	Bearer Plants Canes	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2016	124,811	30,464	-	56,341	20,572	16,441	6,582	11,155	9,935	31,823	75,659	383,783
Additions	-	-	-	-	-	11	-	125	-	-	1,973	2,109
At 30 June 2017	124,811	30,464	-	56,341	20,572	16,452	6,582	11,280	9,935	31,823	77,632	385,892
ACCUMULATED DEPRECIATION												
At 01 July 2016	124,769	30,464	-	56,341	20,572	15,527	5,666	10,662	6,731	31,823	61,933	364,488
Charge for the year	42	-	-	-	-	192	416	384	1,371	-	3,822	6,227
At 30 June 2017	124,811	30,464	-	56,341	20,572	15,719	6,082	11,046	8,102	31,823	65,755	370,715
NET BOOK VALUE												
At 30 June 2017	-	-	-	-	-	733	500	234	1,833	-	11,877	15,177
COST												
At 01 July 2017	124,811	30,464	-	56,341	20,572	16,452	6,582	11,280	9,935	31,823	77,632	385,892
Additions	-	-	639	-	-	122	-	338	-	-	740	1,839
At 30 June 2018	124,811	30,464	639	56,341	20,572	16,574	6,582	11,618	9,935	31,823	78,372	387,731
ACCUMULATED DEPRECIATION												
At 01 July 2017	124,811	30,464	-	56,341	20,572	15,719	6,082	11,046	8,102	31,823	65,755	370,715
Charge for the year	-	-	-	-	-	200	339	180	1,273	-	3,438	5,430
At 30 June 2018	124,811	30,464	-	56,341	20,572	15,919	6,421	11,226	9,375	31,823	69,193	376,145
NET BOOK VALUE												
At 30 June 2018	-	-	639	-	-	655	161	392	560	-	9,179	11,586

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Furniture and Fittings Rs'000	Office Equipment Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
COST					
AT 01 July 2016	6,490	491	5,247	3,049	15,277
Additions	11	-	125	-	136
At 30 June 2017	6,501	491	5,372	3,049	15,413
ACCUMULATED DEPRECIATION					
At 01 July 2016	5,563	383	4,773	1,860	12,579
Charge for the year	192	49	382	449	1,072
At 30 June 2017	5,755	432	5,155	2,309	13,651
NET BOOK VALUE					
At 30 June 2017	746	59	217	740	1,762
COST					
At 01 July 2017	6,501	491	5,372	3,049	15,413
Additions	122	-	338	-	460
At 30 June 2018	6,623	491	5,710	3,049	15,873
ACCUMULATED DEPRECIATION					
At 01 July 2017	5,755	432	5,155	2,309	13,651
Charge for the year	199	37	177	350	763
At 30 June 2018	5,954	469	5,332	2,659	14,414
NET BOOK VALUE					
At 30 June 2018	669	22	378	390	1,459

7. INTANGIBLE ASSETS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 01 July,	2,606	2,606	1,020	1,020
Additions	137	-	137	-
At 30 June,	2,743	2,606	1,157	1,020
ACCUMULATED AMORTISATION				
At 01 July,	2,564	2,426	978	851
Charge for the year	44	138	44	127
At 30 June,	2,608	2,564	1,022	978
NET BOOK VALUE				
At 30 June,	135	42	135	42

8. INVESTMENT PROPERTY

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
COST		
At 01 July,	923,652	847,929
Additions	3,416	5,670
Transfer from land (Note 5)	-	31,287
Transfer from assets held for sale (Note 16)	-	38,766
At 30 June,	927,068	923,652
ACCUMULATED DEPRECIATION		
At 01 July,	84,864	58,861
Charge for the year	25,549	26,003
At 30 June,	110,413	84,864
NET BOOK VALUE		
At 30 June,	816,655	838,788

Investment Property has been pledged as security for notes issued by the Company.

9. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2018	**2017**
	Rs'000	Rs'000
At 01 July,	167,476	167,476
Impairment losses	-	-
At 30 June,	167,476	167,476

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries as follows

Name of entity	Business activity	Year end	Class of shares	Country of incorporation and operation	Stated capital (Rs'000)	% Direct holding	% Indirect holding	Proportion of ownership held by non-controlling interests
SIT Leisure Limited	Constructing, operating or managing leisure park or other recreational activities	30 June	Ordinary	Mauritius	200,000	100%	-	-
SIT Property Development Ltd	Land promoters and land developers	30 June	Ordinary	Mauritius	13	51%	-	49%
SIT Land Holding Ltd	Agricultural, property and investment	30 June	Founder share	Mauritius	25	-	-	100%
SIT Corporate and Secretarial Services Ltd	Provision of corporate, secretarial, registrar and transfer agency	30 June	Ordinary	Mauritius	500	100%	-	-
SIT Property Development Consultancy Ltd (*)	Architectural, engineering and technical consultancy	30 June	Ordinary	Mauritius	100	-	100%	-
Executive Café Ltd (*)	General retailer	30 June	Ordinary	Mauritius	100	-	100%	-
SIT Ebene Property Development Ltd (*)	Business, professional and management consultancy service	30 June	Ordinary	Mauritius	10	-	100%	-
SIT Syndicate Services Ltd (*)	Landscape care and maintenance service activities	30 June	Ordinary	Mauritius	1,000	100%	-	-
SIT Landscape Contracting Services Ltd (*)	Landscaping services	30 June	Ordinary	Mauritius	100	100%	-	-
Le Waterpark Leisure Ltd (*)	Activities of amusement park	30 June	Ordinary	Mauritius	100	100%	-	-
NG Tower II Ltd	Rental of office space	30 June	Ordinary	Mauritius	0.2	100%	-	-
NG Tower III Ltd	Rental of office space	30 June	Ordinary	Mauritius	0.2	100%	-	-
NG Tower IV Ltd	Rental of office space	30 June	Ordinary	Mauritius	0.2	100%	-	-
NG Tower V Ltd	Rental of office space	30 June	Ordinary	Mauritius	0.2	100%	-	-

(*) These subsidiaries are dormant entities and have therefore not been consolidated in these consolidated and separate financial statements.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Subsidiaries with material non-controlling interests

	Loss allocated to non-controlling interests	Accumulated non-controlling interest as at 30 June
	Rs'000	Rs'000
SIT Land Holdings Ltd		
2018	(22,173)	684,156
2017	(6,702)	616,107

(a) Summarised financial information on subsidiaries with material non-controlling interest

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income prior to intra-group eliminations:

	SIT LAND HOLDINGS LTD	
	2018	2017
	Rs'000	Rs'000
Current assets	351,548	369,794
Non-current assets	507,756	504,037
Current liabilities	305,841	279,775
Non-current liabilities	25,589	23,315
Revenue	54,743	69,973
Loss for the year	(29,817)	(42,317)
Other comprehensive income	(49)	(271)
Total loss and other comprehensive income	(29,866)	(42,588)

(ii) Summarised cash flows information:

Operating activities	4,680	204,918
Investing activities	2,514	(1,973)
Financing activities	(13,001)	(116,772)
Net movement in cash and cash equivalents	(5,807)	86,173

(d) The Company owns one founder share in SIT Land Holdings Ltd which ranks equally with twenty-five thousand ordinary shares as regards rights to dividends and other distribution and return of capital upon winding up. The Company has the power to appoint and remove a majority of directors of SIT Land Holdings Ltd. The relevant activities are determined by the board of directors of SIT Land Holdings Ltd. Therefore, the directors of the Company concluded that it has de facto control over SIT Land Holdings Ltd.

10. INVESTMENT IN ASSOCIATES

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
At 01 July,	1,231,538	1,235,062
Additions	-	14,885
Change in fair value	(304,523)	(18,409)
At 30 June,	927,015	1,231,538

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At 01 July,	2,216,005	2,190,830
Additions	-	14,885
Share of profits	16,557	61,387
Share of reserves	-	3
Dividend	(53,550)	(51,100)
At 30 June,	2,179,012	2,216,005

Details of the associates are as follows:

Name of associate	Nature of activities	Year end	Country of Incorporation	Proportion of ownership interest
Omnicane Holdings Limited	Investment holding	31 December	Mauritius	35%
Eole Plaine Des Roches Ltée	Investment in green energy project	31 December	Mauritius	49%
Synnove Solar (Mauritius) One Ltd	Manufacture and distribution of electricity	31 December	Mauritius	49%
Synnove Energy Ltd	Manufacture and distribution of electricity	31 December	Mauritius	29.41%
Mauritius Land-Based Oceanic Park Ltd	Oceanic park	31 December	Mauritius	38,5%

10. INVESTMENT IN ASSOCIATES (CONTINUED)

i. Omnicane Holding Limited, an investment company, is the holding company of Omnicane Limited. The fair value of Omnicane Holding Limited has been determined by reference to the Market price of Omnicane Limited, which is listed on the Stock Exchange of Mauritius. The financial year end of Omnicane Holdings Limited is 31 December. For the purposes of applying the equity method of accounting at group level, the financial statements of Omnicane Holdings Limited for the year ended 31 December 2017 and its latest management accounts for the period ended 30 June 2018 have been used.

ii. Eole Plaine des Roches Ltée is a private company and its main activity is to invest in green energy project. It has completed the construction of a wind farm at Bras D'eau. A second phase of the wind farm is in the pipeline. The investment in Eole Plaine des Roches has been fair valued using the net asset value method as the company has just started its operations and there is currently no industry comparables.

iii. Synnove Solar (Mauritius) One Ltd is a private company and its main activity is the manufacturing and distribution of electricity.

iv. Synnove Energy Ltd is a private Company and its principal activity is the manufacturing and distribution of electricity. The investment is valued at cost.

v. Mauritius Land-Based Oceanic Park Ltd has not yet started operations and its main activity will be the development and operation of the land based oceanic industry in Mauritius. Investment in Mauritius Land Based Oceanic Park Ltd has been fully impaired in prior years.

vi. All the associates are private companies and there are no quoted prices available.

Summarised financial information of material associates

Omnicane Holdings Limited (Unaudited)	**2018** **Rs'000**	**2017** **Rs'000**
Current assets	96,392	469
Non-current assets	986,342	986,342
Current liabilities	94,721	713
Revenue	73,854	-
Profit for the year	47,785	72,259
Dividend received	53,550	51,100

The summarised financial information above represents amounts shown in the associates financial statements prepared in accordance with IFRS, adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

10. INVESTMENT IN ASSOCIATES (CONTINUED)

Eole Plaines Des Roches Ltée (Unaudited)	2018	2017
	Rs'000	Rs'000
Current assets	38,775	38,277
Non-current assets	729,228	717,106
Current liabilities	584,512	572,997
Revenue	78,982	82,220
(Loss)/Profit for the year	(16,222)	75,677
***Synnove Solar (Mauritius) One Ltd (Unaudited)**		
Current assets	-	31,348
Non-current assets	-	326,050
Current liabilities	-	48,111
Non-current liabilities	-	236,378
Revenue	-	17,512
Loss for the year	-	(5,764)
***Synnove Energy Ltd (Unaudited)**		
Current assets	-	32,436
Non-current assets	-	98,244
Current liabilities	-	56,932
Non-current liabilities	-	27,309
Revenue	-	1,020
Loss for the year	-	(28,787)

*The latest available set of financial statements of the associates are for the year ended 31 December 2017.

11. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP			THE COMPANY		
	2018	2017 Restated	2017	2018	2017 Restated	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July,	697,650	1,186,827	1,186,827	697,650	1,186,827	1,186,827
Share buy back	(20,293)	-	-	(20,293)	-	-
Changes in fair value of securities	(47,014)	(489,177)	(9,719)	(47,014)	(489,177)	(9,719)
	630,343	697,650	1,177,108	630,343	697,650	1,177,108

11. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

The companies in which Sugar Investment Trust holds at least 5% interest are set out below

	Class of shares held	% Holdings
Omnicane Milling Holdings (Mon Trésor) Limited (*)	Ordinary	20%
Omnicane Milling Holdings (Britannia-Highlands) Limited (*)	Ordinary	20%
Deep River Beau Champ Milling Company Ltd	Ordinary	20%
Alteo Milling Company Ltd	Ordinary	24%
The Medine Sugar Milling Company Ltd (*)	Ordinary	20%
Mon Desert Alma Sugar Milling Company Ltd (*)	Ordinary	20%
Terra Milling Company Ltd	Ordinary	20%
Compagnie Sucrière de Riche-En-Eau Ltée (*)	Ordinary	20%
The Savannah Sugar Milling Company Ltd (*)	Ordinary	20%
Union St Aubin Milling Company Ltd (*)	Ordinary	20%
Consolidated Energy Ltd	Ordinary	10%
Terragen Ltd	Ordinary	14%
Alteo Energy Ltd	Ordinary	20%
Omnicane Thermal Energy Operations (La Baraque) Limited	Ordinary	15%
Omnicane Thermal Energy Operations (St Aubin) Limited	Ordinary	15%
Sugarworld Limited	Ordinary	5%

The directors do not consider the investee companies with a 20% shareholding to be associated companies as the Group and the Company does not exercise significant influence over them.

(*) The investments in these investee companies have been fully impaired in prior years.

Measurement of fair value

(i) Fair value hierarchy

The fair value measurements for investments in financial assets have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

11. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

(ii) Valuation techniques and significant unobservable inputs

THE GROUP AND THE COMPANY 2018	Valuation techniques	Unobservable inputs Discount rate	Weighted average inputs	Reasonable possible shift + / -	Fair value Rs'000	Changes in valuation + / - Rs'000
Investment in financial assets	Discounted cash	7.58%	7.58%	+ / - basis points	520,572	17
2017						
Investment in financial assets	Discounted cash	6.95%	6.95%	+ / - basis points	697,650	21

12. DEVELOPMENT PROJECT COSTS

	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000
At 01 July,	26,669	23,169
Additions	2,510	3,500
At 30 June,	29,179	26,669

Development project costs represent cost of land, construction cost and other related costs incurred for the morcellement in Deux Bras. Land has been pledged as security for the notes issued by the Company.

13. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000
At 01 July,	20,976	25,904
Net loss arising from changes in fair value	(7,411)	(4,928)
At 30 June,	13,565	20,976
Analysed as:		
Standing sugar cane crop	8,360	14,775
Nursery plants	5,205	6,201
	13,565	20,976

13. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

The Company is exposed to fluctuations in the prices of sugar and its related by-products. This risk affects both the crop proceeds and the fair value of consumable biological assets. The risk is not hedged.

	Standing Sugar Cane Crop	Nursery Plants	Total
	Rs'000	Rs'000	Rs'000
At 01 July 2017	14,775	6,201	20,976
Increase/(decrease) in fair value			
Due to harvest / sales	(14,775)	(588)	(15,363)
Due to biological transformation	8,360	(408)	7,952
At 30 June 2018	8,360	5,205	13,565
At 01 July 2016	21,077	4,827	25,904
(Decrease) / increase in fair value			
Due to harvest / sales	(21,077)	(498)	(21,575)
Due to biological transformation	14,775	1,872	16,647
At 30 June 2017	14,775	6,201	20,976

	2018	2017
Number of hectares of sugar cane plantations at year end	735	707
Tonnage of sugar cane harvested during the year	45,041	48,856

13. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

(a) Measurement of fair values

(i) Fair value hierarchy

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing canes	*Cost technique and discounted cash flows:* The Group considers both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The cost technique considers the costs of creating a comparable plantation, taking into account the costs of cultivation and preparation, buying and planting young crops. Discounted cash flows consider the present value of the net cash flows expected to be generated by the plantation at maturity. The expected net cash flows are discounted using risk-adjusted discount rates	• Estimated costs of cultivation and preparation – 3% increase over actual costs incurred (2017: 2.4% increase over actual costs incurred) • Estimated future sugar prices per tonne **Rs 11,317** (2017: Rs 15,572) • Estimated production of sugar **3,276** tonnes (2017: 3,924 tonnes) • Risk adjusted discount rate **6.5%** (2017: 6.5% per annum)	The estimated fair value would increase/(decrease) if: • The estimated costs of cultivation and preparation were higher/(lower); • The estimated sugar prices per tonne were higher/ (lower); or • The estimated production of sugar was higher/ (lower); • The risk-adjusted discount rates were lower/ (higher).
Nursery plants	*Market comparison technique:* The fair value is based on the market price of nursery plants of similar age, quality and market values.	Not applicable	Not applicable

(b) Risk management strategy related to agricultural activities

The Group's sugar plantations and nursery plants are exposed to the risk of damage from climatic changes, diseases, fire and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including pest and disease controls. The Group is also insured against natural disasters.

14. INVENTORIES

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Fertilizers and chemicals	2,776	1,299
Food and beverages	-	49
Retail	-	113
Cleaning materials	-	389
	2,776	1,850

All inventories are stated at the lower of cost and net realisable value.

15. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	106,493	27,734	79,550	-
Other receivables	113,818	71,925	54,917	53,491
Prepayments	1,099	5,122	364	140
Amounts due from related parties				
SIT Property Development Ltd	-	-	1,307,309	1,278,072
SIT Land Holdings Ltd	-	-	286,064	257,429
NG Tower IV Ltd	-	-	11,631	12,918
NG Tower V Ltd	-	-	-	272
SIT Syndicate Services Ltd	705	-	705	-
SIT Corporate and Secretarial Services Ltd	-	-	1,003	739
SIT Leisure Ltd	-	-	32,023	-
	222,115	104,781	1,773,566	1,603,061

The amounts due from SIT Property Development Ltd and SIT Land Holdings Ltd are unsecured, repayable on demand and carry interest at a rate of 8.5% per annum.

The amounts due from NG Tower IV Ltd, NG Tower V Ltd, SIT Syndicate Services Ltd, SIT Leisure Limited and SIT Corporate and Secretarial Services Ltd are unsecured, repayable on demand and interest free.

The Company has subordinated its rights to claim or accept repayment of amounts due from SIT Property Development Ltd in favour of the other creditors until the assets of the latter exceed its liabilities. The directors believe that the carrying amount of trade and other receivables approximate their fair values.

16. ASSETS HELD FOR SALE

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At 01 July,	1,360,350	2,187,576
Additions	4,518	20,846
Transfer from land (Note 5)	-	1,767
Transfer to investment property (Note 8)	-	(38,766)
Expenditure incurred during the year	164	-
Disposed during the year	(1,017)	-
Reclassification of deferred expenditure	-	62,000
Reversal of cost capitalised	(79,438)	(68,035)
Released to cost of sales	(91,461)	(798,838)
Assets held for sale written off (Note 23)	-	(6,200)
At 30 June,	1,193,116	1,360,350

Assets held for sale represent unsold plots of land as at 30 June 2017 in respect of agricultural morcellements at Ile D'Ambre, Deux Bras and Union Park, as well as residential property developments at Cote D'Or. These plots are intended to be sold in a short period of time.

17. STATED CAPITAL

	THE GROUP AND THE COMPANY		
	Stated capital	Share premium	Total
	2018 & 2017	2018 & 2017	2018 & 2017
	Rs'000	Rs'000	Rs'000
Issued and fully paid			
389,851,812 ordinary shares if Re. 1.00 each	389,852	13,931	403,783

Rights attached to Ordinary shares

The ordinary shares shall rank "pari passu" in all respects namely that at all general meetings of the Company, every ordinary share shall on a poll confer one vote to its holder.

18. NOTES

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
15,000 notes at par value of Rs 100,000 each	1,500,000	1,500,000

During the year, the Company undertook a debt restructuring programme which excluded participation of some existing lenders of the Group. The notes issued by the Company are secured by the Group's property.

The notes are denominated in notes of Rs 100,000 each and are issue in tranches as follows:

	THE GROUP AND THE COMPANY		
Tranche	Maturity date	Amount (Rs'000)	Coupon rates (%)
1	April 2020	300,000	5.25%
2	April 2022	600,000	6.15%
3	April 2024	600,000	6.50%
Total		1,500,000	

The proceeds of the notes issue of Rs 1,500,000,000 were used to clear all the debt of the Group and each tranche is tagged with a specific project of the Group. The maturity date of each tranche will match the successful completion of the specific project.

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised in the statement of financial position				
Defined pension benefits (Note (a) (i))	2,640	3,507	2,640	3,507
Other post-retirement benefits (Note (b)(i))	28,548	25,174	-	-
	31,188	28,681	2,640	3,507
Amounts charged to profit or loss				
Defined pension benefits (Note (a) (ii))	384	376	384	376
Other post-retirement benefits (Note (b)(ii))	2,640	2,497	-	-
	3,024	2,873	384	376
Amounts charged to other comprehensive income				
Defined pension benefits (Note (a)(iii))	904	(816)	904	(816)
Other post-retirement benefits (Note (b)(iii))	49	(271)	-	-
	953	(1,087)	904	(816)

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined pension benefits

The defined pension benefits comprise of a funded retirement benefit plan and an unfunded obligation in respect of retirement gratuities.

The funded retirement benefit plan is a defined benefit arrangement with benefits based on final salary. The asset of the funded plan is held independently and administered by Swan Life Ltd

(i) The amounts recognised in the statement of financial position were as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Present value of funded obligation	4,132	4,644
Fair value of plan assets	(1,492)	(1,137)
Liability on the statement of financial position at end of year	2,640	3,507

(ii) The amounts recognised in the statement of profit or loss:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Current service cost	157	197
Cost of insuring risk benefits	26	12
Interest cost	201	167
Total included in staff costs	384	376

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

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Re-measurement on the net benefit liability		
Losses on pension scheme assets	(43)	(41)
Experience (losses) gains on the liabilities	791	(32)
Changes in assumptions underlying the present value of the scheme	156	(743)
	904	(816)

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(iv) The movement in liability recognised in the statement of financial position is as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
At 01 July,	3,507	2,479
Charged to other comprehensive income	(904)	816
Charged to profit or loss	384	377
Employer contributions	(347)	(165)
At 30 June.	2,640	3,507

(v) The movements in the present value of the defined benefit obligations are as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Present value of obligation at 01 July,	4,644	3,435
Current service cost	157	198
Interest cost	279	236
Actuarial (losses)/gains	(947)	775
Present value of obligations at 30 June,	4,133	4,644

(vi) The movements in the far value of the plan assets are as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Fair value of plan assets at 01 July,	1,137	955
Interest income	78	70
Cost of insuring risk benefits	(26)	(12)
Employer's contribution	347	165
Actuarial loss	(44)	(41)
Fair value of plan assets at 30 June,	1,492	1,137

(vii) The main actuarial assumptions used for accounting purposes:

	THE GROUP AND THE COMPANY	
	2018	2017
	%	%
Discount rate	6.30	6.00
Expected return on plan assets	6.30	6.00
Future long-term salary increase	4.00	4.00
Future guaranteed pension increase	0.00	0.00

(viii) The Company expects to make a contribution of Rs 0.2 million to the defined benefit plan during the next financial year.

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(x) Sensitivity analysis on defined benefit obligation at the end of the reporting period:

	Increase	Decrease
	Rs	Rs
Discount rate (1% movement)	-	522,130
Future long-term salary assumption (1% movement)	-	317,770

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

The sensitivity above has 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 present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

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

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

(xi) The weighted average duration of the defined benefit obligation is 13 year at the end of the reporting period.

(b) Other retirement benefits

Other retirement benefits comprise of gratuity on retirement payable under the Employment Rights Act 2008.

i. The amounts recognised in statements of financial position is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Present value of unfunded obligation	28,548	25,174

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

ii. The amounts recognised in the statement of profit or loss is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Current service cost	1,015	922
Interest cost	112	149
Net interest on net benefit liability	1,513	1,471
Total included in staff costs	2,640	2,542

iii. The movement in liability recognised in statement of financial position is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At 01 July,	25,174	23,348
Charged to profit or loss	3,384	2,497
Charged to other comprehensive income	49	(271)
Contribution paid	(59)	(400)
At 30 June,	28,548	25,174

iv. For accounting purposes, the principal actuarial assumptions are:

	THE GROUP	
	2018	2017
	%	%
Discount rate	5.3	6.5
Future salary increases	3.1	4.0

(c) Retirement benefit obligations have been based on the reports submitted by AON Hewitt Ltd and Swan Life Ltd.

20. DEFERRED TAX LIABILITIES

Deferred tax is provided in respect of all timing differences at the rate of 15% (2017:15%). The movement in deferred tax account is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At 01 July,	(4,605)	(1,737)
Movement during the year (Note 29(b))	3,476	(2,868)
At 30 June.	(1,129)	(4,605)

20. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets in the statement of financial position and deferred income tax charge/ (credit) in the statement of profit or loss and other comprehensive income are attributable to the following items:

	THE GROUP			
	Accelerated tax depreciation	Tax losses	Retirement benefit obligations	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Total				
At 01 July 2016	(1,737)	-	-	(1,737)
Movement during the year	(2,868)	-	-	(2,868)
At 30 June 2017	(4,605)	-	-	(4,605)
Movement during the year	3,476	-	-	3,476
At 30 June 2018	(1,129)	-	-	(1,129)

Deferred Tax Assets not recognised

Group

The Group has unused tax losses of **Rs 63 million** (2017: Rs 40 million) to carry forward against future taxable profit, which have not been recognised due to the unpredictability of future taxable profit.

Company

The Company has unused tax losses of **Rs Nil** (2017: Rs. 550,000) to carry forward against future taxable profit. No deferred tax has not been recognised on accelerated tax depreciation, accumulated tax losses and retirement benefit obligation for the Company because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	15,040	25,742	1,462	792
Other payables	68,786	82,783	38,121	37,912
Accrued expenses	15,688	27,108	15,660	15,955
Deposits on sale of land	103,452	80,994	-	-
Amount due to related parties:				
NG Tower II Ltd	-	-	3,079	3,094
NG Tower III Ltd	-	-	24,847	22,433
NG Tower V Ltd	-	-	2,273	-
	202,966	216,627	85,442	80,186

The amounts due to NG Tower II Ltd, NG Tower III Ltd and NG Tower V Ltd are unsecured, repayable on demand and interest free.

22. REVENUE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs’000	Rs’000	Rs’000	Rs’000
Dividend income	69,535	68,405	123,086	119,505
Proceeds from sugar & its related-by products	51,489	69,042	-	-
Proceeds from other agricultural produce	-	931	-	-
Sale of land	183,564	774,148	-	-
Sale of property	-	303,467	-	-
Rental income	62,911	53,822	-	-
Other revenue	-	194	-	-
Secretarial	90	-	-	-
	367,589	1,270,009	123,086	119,505

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

23. COST OF SALES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cost of land sold	92,478	495,371	-	-
Cost of property	-	303,467	-	-
Personnel expenses	41,803	44,530	-	-
Changes in fair value of consumable biological assets (Note 13)				
	7,411	4,928		
	-	-		
Cultivation costs	11,045	21,806	-	-
Subcontractor costs	20,762	16,770	-	-
Amortisation of deferred expenditure	-	45,831	-	-
Impairment of deferred expenditure	-	19,356	-	-
Depreciation of property, plant and equipment	18,084	-	-	
Depreciation of bearer plant canes	3,438	3,822	-	-
Depreciation of investment property	-	26,002	-	-
Nursery expenses	260	143	-	-
Land written off (Note 5)	-	534	-	-
Assets held for sale written off (Note 16)	-	6,200	-	-
Lease of Land	2,431	2,431	-	-
Land transfer tax	115	13,363	-	-
Others	4,542	6,148	-	-
	202,369	1,010,702		

24. OTHER INCOME

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Management fees	-	-	27,585	35,974
Reversal of provision	35,715	-	-	-
Income from investment property	18,975	-	-	-
Income from sale of parking spaces	17,888	-	-	-
Sundry revenues	9,530	26,745	609	373
Miscellaneous income	-	3,791	-	-
	82,108	30,536	28,194	36,347

25. ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees	1,095	1,679	430	658
Depreciation on plant and equipment	9,436	2,364	763	1,072
Amortisation of intangible assets	61	138	45	127
Motor vehicle expenses	1,877	1,774	563	606
Annual report expenses	3,735	3,907	3,486	3,465
Director fees	3,612	3,029	1,629	1,657
Press and advertising expenses	1,349	1,447	497	418
Legal and professional fees	5,327	21,452	2,102	17,129
Wages and salaries	33,021	33,799	25,394	25,095
Other expenses	32,947	57,262	9,453	30,539
Sundry expenses	3,957	3,856	3,872	3,324
General expenses	1,749	1,166	-	-
	98,166	131,873	48,234	84,090

26. NET FINANCE (COSTS)/INCOME

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income:				
SIT Property Development Ltd	-	-	108,520	99,550
SIT Land Holdings Ltd	-	-	22,994	12,585
Foreign exchange gain	935	-	935	-
Other	1,980	5,054	1,856	4,866
Finance income	2,915	5,054	134,305	117,001
Interest expense:				
Bank overdrafts	(4)	(15,684)	(3)	(11,678)
Bank loans	-	(94,000)	-	(78,685)
Notes	(92,497)	(15,824)	(92,497)	(15,824)
Foreign exchange loss	-	(2,557)	-	(2,557)
Finance costs	(92,501)	(128,065)	(92,500)	(108,744)
Net finance (costs) / income	(89,586)	(123,011)	41,805	8,257

27. TAXATION

Income tax is calculated at a rate of 15% (2017: 15%) on the profit for the year as adjusted for income tax purposes.

(a) Statement of financial position

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July,	6,298	13,566	-	-
Charge for the year	13,120	17,121	12,208	-
(Over)/Under provision in prior year	(9)	(1,010)	-	-
Corporate Social Responsibility	2,041	1,925	-	-
Tax paid during the year	(11,187)	(25,304)	-	-
At 30 June,	10,263	6,298	12,208	-

(b) Statement of profit of loss and other comprehensive income

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax on adjusted profit for the year 15% (2017:15%)	15,160	17,121	12,208	-
Deferred tax movement during the year (Note 20)	(3,476)	2,868	-	-
Tax charge for the year	11,684	19,989	12,208	

27. TAXATION (CONTINUED)

(c) The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	76,133	96,346	144,851	80,019
Tax calculated at 15% (2017:15%)	11,420	14,452	21,728	12,003
Income not subject to tax	(24,844)	(18,728)	(18,463)	(18,095)
Expenses not deductible for tax purposes	19,369	27,918	9,026	15,806
Deferred tax assets not recognised		3,481	-	-
Tax losses utilised	(111)	(9,600)	(83)	(9,714)
Tax losses not utilised	1,232	-	-	-
Tax losses carried forward	6,053	-	-	-
Deferred tax under/(over) provided in previous year - -				
Corporate Social Responsibility	2,041	1,925	-	-
Deferred tax charge	(3,476)	-	-	-
Tax charge for the year	11,684	19,989	12,208	-

28. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Basic earnings per share (Rs)	0.17	0.20	0.34	0.20
Profit attributable to equity holders of the Company	64,449	76,357	132,643	80,019
Number of ordinary shares in issue	389,851,812	389,851,812	389,851,812	389,851,812

29. DIVIDENDS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Final dividend of Re.0.04 (2017: Re. 0.03) per share	28,595	21,446	15,594	11,696

30. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash flows generated from operations

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	76,133	96,346	144,851	80,019
Adjustments for:				
Depreciation on property, plant and equipment	5,430	6,227	763	1,072
Depreciation on investment property	25,549	26,003	45	-
Amortisation of intangible assets	44	138	-	127
Profit on sale of land	(2,237)	-	-	-
Expenditure incurred during the year	(164)	-	-	-
Land adjustment	-	534	-	-
Asset held for sale adjustment	-	6,200	-	-
Assets held for sale released to cost of sales	91,461	798,838	-	-
Amortisation and impairment of deferred expenditure	-	65,187	-	-
Reversal of cost capitalised under assets held for sale	79,438	-	-	-
Interest income	(2,915)	(5,054)	(134,305)	(117,001)
Interest expense	92,501	125,508	92,500	108,744
Retirement benefit obligations	1,547	2,861	(1,771)	212
Share of result of associates	(16,557)	(61,387)	-	-
	350,230	1,061,401	102,083	73,173
Changes in working capital				
- Inventories	(926)	8	-	-
- Trade and other receivables	(117,334)	10,370	(170,505)	(177,999)
- Trade and other payables	(13,661)	(651,122)	5,526	9,516
Provisions	(100,390)	-	-	-
- Consumable biological assets	7,411	4,928	-	-
Cash generated from/ (used in) operations	125,330	424,585	(63,166)	(95,310)

(b). Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Bank and cash balances	168,168	107,522	61,375	78,627
Bank overdraft	(8)	-	(8)	-
	168,160	107,522	61,367	78,627

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including:

- Market risk;
- Credit risk; and
- Liquidity risk

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Risk management framework

The Group's and the Company's board of directors have overall responsibility for the establishment and oversight of the Group's and Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's and the Company's risk management policies.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company to set appropriate risk limits, controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company, through its training and management standards and procedures, aim to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's and the Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group and the Company

(b) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates. For the current financial year, the Group is not exposed to interest rate risk as all the bank loans and bank overdraft have been settled. The current accounts with the related parties carry fixed interest rate.

At 30 June, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher as shown below, mainly as a result of higher/lower interest expense on floating rate borrowings

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Effect higher/lower post tax profit	-	-	-	-

Foreign exchange risk

The Group has minimal exposure to currency risk as they deal mostly with Mauritian Rupee.

(c) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations, arising principally from the Group's and the Company's financial assets listed in the table below. The carrying amount of financial assets represents the maximum credit exposure.

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	630,343	697,650	630,343	697,650
Trade and other receivables	221,016	99,659	1,773,202	1,602,921
Cash and cash equivalents	168,160	107,522	61,375	78,627
	1,019,519	904,831	2,464,920	2,379,198

Financial assets exclude prepayments amounting to **Rs 1,098,000** (2017:Rs. 5,121,875) and **Rs 364,000** (2017:Rs. 140,000) for the Group and the Company.

Available-for-sale financial assets

As at 30 June 2018, the Group and the Company managed a portfolio of available-for-sale investments amounting to **Rs 630 million** (2017: Rs 697 million). In accordance with its investment diversification strategy to ensure medium to long term growth, sustainability, profitability, capital appreciation and consistent income stream. Accordingly, the Group and the Company have identified several new and promising economic sectors bearing the potential for investment such as the renewable energy sector. The Group and the Company limit their exposure to credit risk by investing in high-quality securities to ensure that cash is readily available for use whenever required.

Trade and other receivables

The Group's and the Company's exposure to credit risk is mainly influenced by the individual characteristics of each debtor. Trade and other receivables comprise principally of trade receivables, loan receivable from investee companies and amount due from related parties. In respect of the loans receivable from investee companies and the amount due from related parties, management does not foresee any risk of default based on historical dealings. Trade receivables are monitored regularly and follow up is made for the outstanding balance.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2018, the ageing of trade receivables that were not impaired was as follows:

	2018 Rs'000	2017 Rs'000
Past due 1-30 days	35,933	13,896
Past due 31-60 days	6,663	3,052
Past due 61-90 days	53,852	529
Past due more than 120 days	10,045	10,257
	106,493	27,734

Trade receivables as at 30 June 2018 are neither past due nor impaired. Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. As such, the Group and the Company have no significant concentration of credit risk.

Cash and cash equivalents

The Group and the Company have cash and cash equivalents of Rs 168 million and Rs 61 million respectively at 30 June 2018 (2017: Rs 107 million and Rs 79 million respectively). The cash and cash equivalents are held with bank and financial institution counterparties.

Guarantees

At 30 June 2018, the Company has issued a financial guarantee to its investee with regards to a bank loan undertaken by the latter.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its financial obligations. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation. Management monitors rolling forecasts of the Group's and the Company's liquidity reserve on the basis of the expected cash flows.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

THE GROUP	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
Year ended 30 June 2018					
Trade and other payables	202,967	-	-	-	202,967
Notes	-	900,00	600,000	-	1,500,000
	202,967	900,000	600,000	-	1,702,967
Year ended 30 June 2017					
Trade and other payables	216,627	-	-	-	216,627
Notes	-	-	900,000	600,000	1,500,000
Provisions	100,390	-	-	-	100,390
	317,017	-	900,000	600,000	1,817,017
THE COMPANY					
Year ended 30 June 2018					
Trade and other payables	85,442	-	-	-	85,442
Notes	-	900,000	600,000	-	1,500,000
	85,442	900,000	600,000	-	1,585,442
Year ended 30 June 2017					
Trade and other payables	80,186	-	-	-	80,186
Notes	-	-	900,000	600,000	1,500,000
	80,186	-	900,000	600,000	1,580,186

(e) Accounting classification and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP					
Year ended 30 June 2018					
Assets measured at fair value					
Available-for-sale investment	630,343	-	396,443	233,900	630,343
Assets not measured at fair value					
Trade and other receivables	221,016	-	-	-	221,016
Cash and cash equivalents	168,160	-	-	-	168,160
Liabilities not measured at fair value					
Trade and other payables	202,966	-	-	-	202,966
Notes	1,500,000	-	-	-	1,500,000
Provisions	-	-	-	-	-
THE GROUP - RESTATED					
Year ended 30 June 2017					
Assets measured at fair value					
Available-for-sale investment	697,650	-	445,553	252,097	697,650
Assets not measured at fair value					
Trade and other receivables	99,659	-	-	-	99,659
Cash and cash equivalents	107,522	-	-	-	107,522
Liabilities not measured at fair value					
Trade and other payables	(216,627)	-	-	-	(216,627)
Notes	(1,500,000)	-	-	-	(1,500,000)
Provisions	(100,390)	-	-	-	(100,390)

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY					
Year ended 30 June 2018					
Assets measured at fair value					
Available-for-sale investment	630,343	-	396,443	233,900	630,343
Assets not measured at fair value					
Trade and other receivables	1,772,202	-	-	-	1,772,202
Cash and cash equivalents	61,367	-	-	-	61,367
Liabilities not measured at fair value					
Trade and other payables	85,442	-	-	-	85,442
Notes	1,500,000	-	-	-	1,500,000
Provisions	-	-	-	-	-
THE COMPANY					
Year ended 30 June 2017					
Assets measured at fair value					
Available-for-sale investment	697,650	-	445,553	252,097	697,650
Assets not measured at fair value					
Trade and other receivables	1,602,921	-	-	-	1,602,921
Cash and cash equivalents	78,627	-	-	-	78,627
Liabilities not measured at fair value					
Trade and other payables	(80,186)	-	-	-	(80,186)
Notes	(1,500,000)	-	-	-	(1,500,000)

(f) Capital risk management

The Group's and the Company's objectives when managing capital are:

- to safeguard the entity'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.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group and the Company set the amount of capital in proportion to risk. The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Group and the Company monitor capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt to capital. Net debt is calculated as total debts less cash and cash equivalents. Capital comprises all components of equity (that is share capital, retained earnings and fair value reserve).

The Group's and the Company's overall strategy remain unchanged from 2016.

The debt-to-adjusted capital ratios as at 30 June 2017 and at 30 June 2016 were as follows:

	THE GROUP		THE COMPANY	
	2018	**2017**	**2018**	**2017**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Total debt	1,500,000	1,500,000	1,500,000	1,500,000
Less: Cash and cash equivalents (Note 30(b))	(168,160)	(107,522)	(61,367)	(78,627)
Net debt	1,331,840	1,392,478	1,438,633	1,421,373
Total equity	3,907,940	3,920,053	1,961,071	2,196,463
Debt-to-adjusted capital ratio	34%	36%	73%	65%

33. CONTINGENCIES

(i) Bank guarantee

At 30 June 2018, the company's subsidiary, SIT PROPERTY DEVELOPMENT LTD ("SPDL"), had bank guarantees amounting to Rs 39,024,083 in favour of Ministry of Housing and Lands to execute infrastructural works at Cote D'Or of an extent of 39,417.73m2 into 67 plots for residential purposes from which it is anticipated that no material liabilities will arise.

(ii) Legal cases

As at 30 June 2018, the Group and the Company have several litigations with a total claim of Rs 38 million (2017: Rs 108 Million). Provisions have been made in the accounts where necessary and the directors have made an assessment and consider that there is strong ground to resist the remaining claims based on the advice received from the Group's and the Company's lawyers.

34. OPERATING LEASE ARRANGEMENTS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Minimum lease payments under operating Leases recognised as an expense this year	6,083	6,083	3,652	3,652

At the end of the reporting period, the Group and the Company have outstanding commitments under operating leases which fall due as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Within 1 year	6,083	6,083	3,652	3,652
After 1 year and before 5 years	20,132	26,215	14,608	18,260
After 5 years	-	-	-	-
	26,215	32,298	18,260	21,912

The Group and the Company have entered into the following operating lease arrangements:

- rental of part of the ground floor of NG Tower building for an initial period of 10 years starting from the 1st February 2012 and ending on the 31st January 2022.
- lease of land at Belle Mare for a period of 20 years starting on 1st July 2000 and expiring on 30th June 2020 with the option to renew for four other periods of 10 years. The Group does not have an option to purchase the leased land at the expiry of the lease period; and
- lease of a portion of land at Ebene Cybercity, valid for an initial period of 30 years as from 30th October 2006 and may be renewed for two further periods of 30 years. The Group does not have the option to purchase the leased land at the expiry of the lease period.

	THE GROUP	
Group as lessor	2018	2017
	Rs'000	Rs'000
Operating lease income from short Term lease	62,910	53,822

Operating leases relate to the investment property owned by the Group and the annual rentals represent payment by lessees for occupation of premises. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The future minimum lease repayments receivable under non-cancellable operating leases are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Within 1 year	52,169	53,822
After 1 year and before 5 years	53,821	64,695
After 5 years	-	-
	105,990	118,517

35. RELATED PARTY TRANSACTIONS

THE GROUP	Interest income / (expense)	Rental expenses	Management fees payables	Amount due to	Amount due from
Year ended 30 June 2018					
Associated company					
Eole Plaines Des Roches Ltée	1,856	-	-	-	43,167
Year ended 30 June 2017					
Associated company					
Eole Plaines Des Roches Ltée	-	-	-	-	41,311
THE COMPANY					
Year ended 30 June 2018					
Subsidiaries					
SIT PROPERTY DEVELOPMENT LTD	-	-	26,585	-	1,307,309
SIT LAND HOLDINGS	-	-	1,000	-	286,064
NG Tower II	-	-	-	3,079	-
NG Tower III	-	-	-	24,847	-
NG Tower IV	-	-	-	-	11,631
NG Tower V	-	3,652	-	2,273	-
SIT CORPORATE AND SECRETARIAL SERVICES LTD	-	-	-	-	1,003
SIT LEISURE LTD	-	-	-	-	32,023
SIT SYNDICATE SERVICES LTD	-	-	-	-	705
Associated company					
Eole Plaines Des Roches Ltée	1,856	-	-	-	43,167
THE COMPANY					
Year ended 30 June 2017					
Subsidiaries					
SIT PROPERTY DEVELOPMENT LTD	-	-	34,974	-	1,278,072
SIT LAND HOLDINGS	-	-	1,000	-	257,429
NG Tower II	-	-	-	3,094	-
NG Tower III	-	-	-	22,433	-
NG Tower IV	-	-	-	-	12,918
NG Tower V	-	3,652	-	-	272
SIT CORPORATE AND SECRETARIAL SERVICES LTD	-	-	-	-	739
Associated company					
Eole Plaines Des Roches Ltée	-	-	-	-	37,123

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(a). Amount due from SIT PROPERTY DEVELOPMENT LTD and SIT LAND HOLDINGS LTD are unsecured, repayable on demand and carry interest at a rate of 8.5% per annum.

(b). The amount due from NG Tower II Ltd, NG Tower III Ltd, NG Tower IV Ltd, NG Tower V Ltd and SIT Corporate and Secretarial Services Ltd are unsecured, repayable on demand and interest free.

(c). The receivable amount from Eole Plaine des Roches Ltee is unsecured, repayable on demand and carry interest at a rate of 5%.

(d). For the year ended 30 June 2018, the Company has recognised an impairment of receivables relating to amount owed by SIT Leisure Limited of Rs Nil (2017: Rs 20,273,083). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The remuneration of directors and key management personnel as at 30 June was as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Short term benefits	13,109	11,081	1,116	1,090
	13,109	11,081	1,116	1,090

36. PRIOR YEAR ADJUSTMENTS

Prior year adjustments relate to valuation of available-for-sale investments and minority interest.

Available-for-sale investments restatement arises due the wrong valuation basis being used for the year ended 30 June 2017. Minority interests relate to the wrong closing balance (as at 30 June 2017) being accounted in the prior year audited financial statements.

The effects of these restatements are as follows:

THE GROUP	As previously stated	Restatement	As restated
	Rs'000	Rs'000	Rs'000
Fair value reserves	2,034,665	(479,458)	1,555,207
Minority interest	623,080	90,271	713,351
		(389,187)	
Effect of prior year adjustments			
Other comprehensive income	11,093	(479,458)	(468,365)
Minority interests	623,080	90,271	713,351
		(389,187)	
		-	

36. PRIOR YEAR ADJUSTMENTS (CONTINUED)

THE COMPANY	As previously stated Rs'000	Restatement Rs'000	As restated Rs'000
Fair value reserves	1,400,947	(479,458)	921,489
		(479,458)	
Effect of prior year adjustments			
Other comprehensive income	(28,128)	(479,458)	(507,586)
		(479,458)	
		-	

37. SUBSEQUENT EVENT

There have been no material post reporting events which would require any disclosure or adjustments in respect to the financial statements as 30 June 2018.