



Land Holdings Ltd

A subsidiary of Sugar Investment Trust

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Land Holdings Ltd

A subsidiary of Sugar Investment Trust



ANNUAL REPORT 2018

CORPORATE INFORMATION

Board of Directors

Mr Bhagwat Parsadsing Daumoo (Chairperson)
Mr Feroze Peerboccus
Mr Thierry Desiré Laval Govinden
Mr Rajmohun Chooneea
Mr Farhad Boodhun
Mr Madhoo Soodhun Motah
Mr Kamless Seeam
Mr Khemlall Ramyad
Miss Ashitah Devi Sanmukhiya

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
Bank One Ltd
The Hong Kong and Shanghai Banking Corporation Ltd

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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, I am pleased to present the Annual Report of SIT Land Holdings Ltd for the financial year ending 30 June 2018, which is the third one addressed to our valued shareholders under my Chairmanship.

Despite the continuous fall in the price of sugar and the increase in the cost of production, we have left no stone unturned by setting up action plans which are geared to ensure the survival of the Company and at the same time to meet the aspirations of our shareholders to receive a reasonable return in terms of dividend on their investments.

Financial Review

The fall in the price of sugar and the decrease in sugar yield for crop 2017 have significantly impacted in the total revenue of the Company which has dropped to Rs. 54.7 million as compared to Rs. 70.0 million for the year 2017.

The revenues derived from the activities of the nursery at St Avold and the lease of agricultural lands to small planters have increased from Rs. 2.10 million to Rs. 3.44 million. Around 87 Arpents of land at Grand Bois have been leased to small planters for the cultivation of potatoes at an annual rental fee of Rs. 18,000 per arpent.

The bold action taken by Management has contributed enormously to mitigate the losses of the Company. The bidding exercise carried out by Management for sugar cane harvesting which is in line with the principles of good governance has enabled the Company to make considerable savings. The rates per ton for cutting, loading and transport of sugar cane by Contractors for crop years 2017 and 2018 are lower than the rates paid for crop year 2015 for both Mon Trésor and Britannia Section. The administrative expenses for the agricultural operations for the year under review has decreased by 12% as compared to the year 2017. Action plans have been set up to intensify mechanisation of spraying of fertilizers and herbicides. The Company has made acquisition of a new tractor mounted sprayer and a tractor to reduce labour costs pertaining to agricultural operations. Management is also planning to prepare 15 hectares and 80 hectares of land for mechanical harvesting from crop years 2019 and 2020 respectively in line with the policy of reducing operating costs.

Agricultural Diversification Activities

The Company had leased 25 Arpents of land at Ile D'Ambre for the cultivation of fruits and vegetables. However, in view of the fact that the lessee has not cultivated the land so far, the Board has given its green light to set up an orchard at Ile D'Ambre for the plantation of fruits.

Management is of the view that the cultivation of lawn represents a lucrative business avenue for the Company in view of the fact that there is a high demand for lawn. Some 8.64 Arpents of land have been earmarked for the cultivation of lawn at St. Avold, Britannia.

Smart City Project at Le Bouchon

I mentioned in the Annual Report of last year that a formal Head of Terms has been signed between the Company and Curzon Holdings (Mauritius) Ltd for the implementation of a Smart City Project at Le Bouchon. The development proposal for the project is at the level of the Economic Development Board. The Company will be compensated for

the value of lands earmarked for the project and will be an equity partner in the new special vehicle set up for the implementation of the project. The revenues that will be generated on a phase basis from the implementation of the project will enable the Company to honour its obligations and to meet the aspiration of the shareholders in the long run.

Projects undertaken by SIT Property Development Ltd, associate company of SIT Land Holdings Ltd

The associate company, SIT Property Development Ltd (SPDL), is undertaking Phases 2 and 3 of the residential morcellement over an extent of around 20 Arpents comprising of a total of 140 sellable plots at Côte D'Or and the green light of the Morcellement Board has already been received to move forward with the project. It has been reported that there has been a positive response for the reservation of plots of land in these two morcellements. The Board of SPDL has also decided not to proceed further with the development of the residential morcellement at Deux Bras in view of the fact that there is a low response for the reservation of lots for the said project.

Investment in Africa

The Company has shown its keen interest to invest in sugar related activities in Tanzania. The due diligence study carried out by an Independent Consultant has indicated that it is not favourable for the Company to invest in the said project due to the fact that the risks are very high and profits can only be anticipated as from the eighth to tenth year. In view of the above, it has been decided not to move forward with the project and to consider other investment opportunities in the African continent.

Acknowledgment

I seize this opportunity to thank the Board Members for the immense support during my 3-year tenure of office as Chairperson. I also wish to thank the Management and staff of the Company for their continuous support and commitment towards the Company. My heartfelt thanks go to all the shareholders for their understanding, support and confidence in achieving the overall objectives of the Company.



Bhagwat Parsadsing Daumoo

Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to submit the Annual Report of SIT Land Holdings Ltd (SITLH) for the financial year ended 30 June 2018.

The year under review has been a challenging one on account of the drastic fall in the price of sugar which has resulted in a decrease in the revenue of the Company to the tune of 22% as compared to the financial year ending 30 June 2017. It is commendable to note that the action plan which has been set up by management to reduce the cost of agricultural operations has started to yield positive results.

The administrative expenses of the agricultural operations in 2018 has decreased by 12% as compared to the year 2017. 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 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 also looking forward to mechanise its sugarcane harvesting 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.

FINANCIAL PERFORMANCE

The total revenue generated during the year from proceeds derived from sugar and other related by-products has dropped to Rs. 54.7 million as compared to Rs 70.0 million in 2017, on account of the fall in the price of sugar. It is however encouraging to note that there has been an increase in revenue of 39% from the sale of plants of the nursery at St Avold and the rental income from land leased to small planters at Britannia and Bois Cheri. In 2018, the total revenue derived from these activities was Rs. 3.44 million, as compared to Rs. 2.10 million in 2017.

Despite having a challenging financial year 2017/2018, the Board of SITLH 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.

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 was 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 at Belle Mare, 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 Avoird, 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, ASSOCIATE COMPANY OF SIT LAND HOLDINGS 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.

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 wish to thank all the Board Members whose terms of office will terminate at the next Annual Meeting of Shareholders, for their unflinching support and dedication during their 3-year tenure of office, which have contributed to the advancement of the Company.

A special thanks to our staff for their effort put for the progress of the Company. Finally, I wish to express my gratitude to our shareholders for their continued trust in the Company.



Chittaman Jugroo

Chief Executive Officer

STATUTORY DISCLOSURES YEAR ENDED 30 JUNE 2018

The directors are pleased to present their report and the audited financial statements of SIT LAND HOLDINGS LTD for the financial year ended 30 June 2018.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are:

- dealing in matters relating to agriculture in general;
- acquire, hold and/or dispose of properties on general; and
- investment holding.

2. DIRECTORS

The directors who held office at the reporting date were as follows:

	Date of appointment
Mr. Bhagwat Parsadsing Daumoo (Chairperson)	03 February 2016
Mr. Feroze Peerboccus	03 February 2016
Mr. Thiery Desiré Laval Givinden	03 February 2016
Mr. Rajmohun Choonea	03 February 2016
Mr. Farhad Boodhun	03 February 2016
Mr. Madhoo Soodhun Motah	03 February 2016
Mr. Kamlesh Seeam	03 February 2016
Mr. Khemlall Ramyad	03 February 2016
Miss Ashitah Devi Sanmokhiya	03 February 2016

3. DIRECTORS' SERVICE CONTRACTS

There will be no re-election at the forthcoming annual meeting of shareholders since none of the directors have unexpired service contract.

4. DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received by the directors from the Company were as follows:

	2018 Rs'000	2017 Rs'000
Non-executive directors	986	965

5. DONATIONS

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

6. AUDITORS' REMUNERATION

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

	2018 Rs'000	2017 Rs'000
Audit services	255	535
Tax compliance services	15	35
	270	570

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



Director

Date: 28 September 2018



Director

Date: 28 September 2018

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2018

1. GOVERNANCE STRUCTURE

1.1 Statement of Compliance

SIT Land Holdings Ltd (hereinafter referred to as SITLH or the Company) is a public interest entity as defined under 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. SITLH 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 SITLH has complied in all material respects with the provisions of the Code for the reporting year ended 30 June 2018, except as specifically stated in this Corporate Governance Report.

During the year under review, SITLH 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. SITLH will provide details regarding any divergence from the principles and recommendations of the New Code.

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

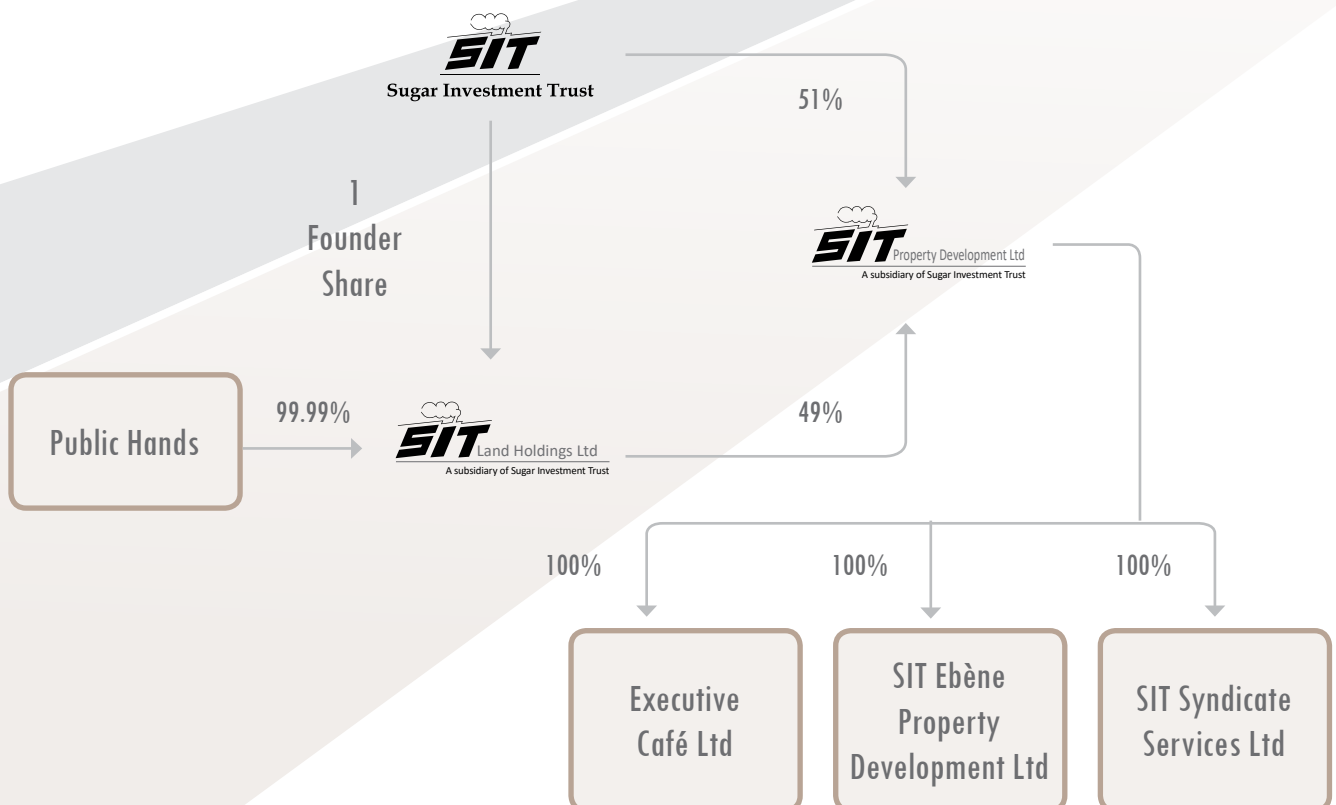
The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its shareholders. Staff at all levels drew up the Company's code of ethics which reflects the Company's diversity and unique culture. Adequate grievances and disciplinary procedures are in place to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

SITLH has a unitary or one-tier Board structure. Article 78 of the Constitution of the Company provides that the number of Board Members shall not be less than five or more than nine. During the year under review, the Board of SITLH was comprised on nine members. 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 SITLH to promote gender balance on the Board, as the Board members are elected and appointed by the Company's shareholders as provided under its Constitution.

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.

During the year under review, the Board composition was as follows:

NAME	CAPACITY
Mr Bhagwat Parsadsing Daumoo (Chairperson)	Non- Executive Director
Mr Feroze Peerboccus	Non- Executive Director
Mr Thierry Desiré Laval Govinden	Non- Executive Director
Mr Rajmohun Choonea	Non- Executive Director
Mr Farhad Boodhun	Non- Executive Director
Mr Madhoo Soodhun Motah	Non- Executive Director
Mr Kamless Seeam	Non- Executive Director
Mr Khemlall Ramyad	Non- Executive Director
Miss Ashitah Devi Sanmukhiya	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; and
- 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 Land Holdings Ltd 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 Bhagwat Parsadsing Daumoo is a non-executive Chairperson of the Company. He is one of the five directors appointed by the holder of Founder Share of the Company. He is a degree holder and has previously served as Chairperson of the Mauritius Shipping Corporation for ten years. He is presently the General Manager of Mauritius Meat Authority.

Mr Feroze Peerboccus is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He possesses a Diploma in Occupational Health & Safety and has previously served as Industrial Relations Officer at Cie Usinière de Mon Loisir Ltée.

Mr Thierry Desiré Laval Govinden is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He is presently employed at Consolidated Energy Ltd and has ample experience in the sugar industry.

Mr Rajmohun Choonea is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He holds a Diploma in News Agency Journalism from the Indian Institute of Mass Communication, New Delhi and has a vast experience in the field of media relations as well as the sugar industry. He is currently serving as Advisor on Information Matters at the Ministry of Agro Industry & Food Security.

Mr Farhad Boodhun is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share.

Mr Madhoo Soodhun Motah is a non-executive Director who was elected in January 2016 as representative of Planters of the Sugar Industry. He is self-employed and has around 40 years of experience as planter.

Mr Kamless Seeam is a non-executive Director who was elected in January 2016 as representative of Employees of the Sugar Industry. He is currently employed at Bon Accueil Farmers Service Centre.

Mr Khemlall Ramyad is a non-executive Director who was elected in January 2016 as representative of planters of the sugar industry. He retired as Senior Traffic Controller of NTC and has a wealth of experience in land management. He is a founding member and secretary of Saket Multipurpose Cooperative Society from 2011. He was also an Able-Seaman in the Mauritius Naval Volunteer Force between 1964 and 1968. He was elected as Municipal Councilor at Vacoas/Phoenix from 1983 to 1985. Mr Ramyad is a sugar cane, vegetable and fruit planter as from 2000 till date.

Miss Ashitah Devi Sanmukhiya is a non-executive Director who was elected in January 2016 as representative of planters of the sugar industry. She is presently a university student and is one of the very few youngsters who show a keen interest for the cane industry.

For the year under review, none of the directors mentioned above held office as director in listed companies.

2.6 Common Directors

As at 30 June 2018, the following directors held office on the Board of SITLH and other entities within the SIT Group:

NAME OF DIRECTOR	SIT LAND HOLDINGS LTD	SUGAR INVESTMENT TRUST	SIT PROPERTY DEVELOPMENT LTD	SIT SYNDICATE SERVICES LTD
Mr Bhagwat Parsadsing Daumoo (Chairperson)	✓	✓		
Mr Feroze Peerboccus	✓	✓		
Mr Thierry Desiré Laval Govinden	✓	✓		
Mr Rajmohun Choonea	✓			
Mr Farhad Boodhun	✓			
Mr Madhoo Soodhun Motah	✓		✓	
Mr Kamless Seeam	✓		✓	✓
Mr Khemlall Ramyad	✓		✓	✓
Miss Ashitah Devi Sanmukhiya	✓		✓	

2.7 Board Attendance

The Board attendance as at 30 June 2018 was as follows:

Directors	No. of Board Meetings attended
Mr Bhagwat Parsadsing Daumoo (Chairperson)	6/6
Mr Feroze Peerboccus	3/6
Mr Thierry Desiré Laval Govinden	6/6
Mr Rajmohun Choonea	5/6
Mr Farhad Boodhun	4/6
Mr Madhoo Soodhun Motah	5/6
Mr Kamless Seeam	4/6
Miss Ashitah Devi Sanmukhiya	5/6
Mr Khemlall Ramyad	4/6

2.8 Interest in Shares and Option Certificates

Directors' holdings in shares and option certificates as at 30 June 2018 are as follows:

Name of Director	Number of Ordinary Shares		Number of Option Certificates	
	Direct	Indirect	Direct	Indirect
Mr Bhagwat Parsadsing Daumoo (Chairperson)	180,000	Nil	Nil	Nil
Mr Feroze Peerboccus	45,000	15,000	Nil	Nil
Mr Thierry Desiré Laval Govinden	Nil	Nil	Nil	Nil
Mr Rajmohun Choonea	Nil	Nil	Nil	Nil
Mr Farhad Boodhun	Nil	Nil	Nil	Nil
Mr Madhoo Soodhun Motah	15,000	Nil	1	Nil
Mr Kamless Seeam	15,000	Nil	1	Nil
Miss Ashitah Devi Sanmukhiya	230,500	874,000	3	Nil
Mr Khemlall Ramyad	15,000	30,000	3	Nil

The Option Certificates of the Company are traded on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius. The shares on the other hand are not listed.

2.9 Directors dealings

There were no directors dealing during the year.

2.10 Committees

The Board is assisted in fulfilling its responsibilities by committees, namely the Corporate Governance Committee, Audit Committee, Strategy & Investment Committee, Risk Committee and Staff & Remuneration Committee, which operate under clearly defined terms of reference and regularly report and recommend specific matters to the Board for approval.

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. 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

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 Sobeersen Sanmukhiya	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.;
- 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 risks 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.

2.11 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 as at 30 June 2018 is shown below:

Name	Number of Ordinary Shares		Number of Option Certificate	
	Direct	Indirect	Direct	Indirect
Mr Chittaman Jugroo	75,000	Nil	5	Nil
Mr Mahen Kumar Ramroop	Nil	Nil	Nil	Nil
Mr Govinden Mareemootoo Veeramootoo	Nil	Nil	Nil	Nil
Mr Roudisteerun Mathaven	15,000	Nil	1	Nil
Mr Pawan Kumar Napaul	Nil	Nil	1	Nil
Mr Dayanand (Rakesh) Koobrawa	15,000	Nil	1	Nil
Mr Patrick Huët	Nil	Nil	Nil	Nil
Mrs Ranjeeta Deepaul	Nil	Nil	Nil	Nil

3. ELECTION AND RE-ELECTION

The Directors are appointed at the Annual Meeting of Shareholders, where four directors are elected by the shareholders and the remaining five directors are appointed by the Founder Shareholder. Following the amendment brought to the Constitution in the year 2013 and which was adopted by its shareholder at a Special Meeting of Shareholders, the term office of each Board Member was limited to a term of three years. No person may be re-appointed or re-elected as Director before the expiry of three years after having previously served as Director.

The next election of directors of SIT Land Holdings Ltd will be held at the forthcoming Annual Meeting of Shareholders.

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. DIRECTOR 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 interest 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.

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

Directors	Remunerations and other Benefits (Rs)
Mr Bhagwat Parsadsing Daumoo (<i>Chairperson</i>)	195,500
Mr Feroze Peerboccus	97,500
Mr Thierry Desiré Laval Govinden	99,000
Mr Rajmohun Choonea	98,500
Mr Farhad Boodhun	98,500
Mr Madhoo Soodhun Motah	99,000
Mr Kamless Seeam	99,500
Miss Ashitah Devi Sanmukhiya	99,000
Mr Khemlall Ramyad	99,000

The Board ensures that an effective IT policies and strategy are in place within the Company. 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 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 26 of the Financial Statements.

(ii) Shareholders' Data Protection Risk

SIT Land Holdings Ltd has over 15,000 shareholders and therefore has to ensure that the share register is properly maintained and duly updated. SIT Corporate & 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

The Company did not make any donation during the year under review (2017: Rs nil).

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.

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 counsels 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.

During the year under review, 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.

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

No person has reported any material interest of 5% or more of the equity share capital of SIT Land Holdings Ltd.

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. For the financial year ended 30 June 2018, a dividend of Rs. 0.04 per share was declared. The dividend cover and dividend yield trend over the past years are shown below:

Year	Dividend Cover Times	Dividend Yield %
2017	0.00	4
2016	4.83	3
2015	0.00	0
2014	0.00	10
2013	1.50	12
2012	1.03	10
2011	2.69	10

8.3 Related party transactions

Please refer to Note 28 of the Financial Statements.

8.4 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 Shareholders + Election of Directors	28 March 2019
Publication of Unaudited Abridged Interim Financial Statements for nine months ending March 31, 2019	15 May 2019
Publication of Abridged Audited Financial Statements for year ending June 30, 2019	30 September 2019

8.5 Employee Share-Option Plan

There is no share-option plan in place within the Company.

9. MATERIAL CLAUSES OF THE CONSTITUTION

Article 8.1

The Founder Shares shall confer upon the Sugar Investment Trust or its agents and instrumentalities the following rights and privileges namely:-

- (i) the right to appoint such number of Directors of the Company so as to control its Board of Directors; and
- (ii) the right to appoint the Chairman of the Board of Directors.

Article 78

The Company shall appoint such number of Directors as the Company in General Meeting may decide provided that:

- (i) the majority of those Directors shall at all time be appointed by the holder of the Founder Share of the Company; and
- (ii) out of the remaining other Directors, at least one shall be:-
 - (a) an Employee (as defined by the Sugar Industry Efficiency Act) of the sugar industry who is a member of the Company; and
 - (b) a Planter (as defined by the Sugar Industry Efficiency Act) of the sugar industry who is a member of the Company.

A copy of the Memorandum & Articles of Association is available upon request at the registered office of the Company.

10. SHAREHOLDERS' AGREEMENT

There is no Shareholders' Agreement. However, Article 79 of the M&A of the Company provides that every director shall be a shareholder of the Company except the Directors appointed by the holder of Founder Share who shall not be required to hold any share of the Company for the purpose of eligibility for appointment as a Director of the Company.

11. 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

Date: 28 September 2018



Director

Date: 28 September 2018

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity : SIT Land Holdings Ltd
Reporting Period : 01 July 2017 to 30 June 2018

We, the Directors of **SIT Land Holdings Ltd (SITLH)** 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 the Company 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 but 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 any whistle-blowing rules and procedures yet but will implement one soon during the course of the next financial year.



Director

Date: 28 September 2018



Director

Date: 28 September 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 Company as at the end of the financial year and the results of its 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 Financial Reporting Act;
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements; and
- (iv) having made an assessment of the Company as a going concern and have reasons to believe it will continue to operate for the foreseeable.

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 have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified;
- (iv) Mauritius Companies Act requirements have been fully adhered to; and
- (v) 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 and signed on its behalf by:



Director

Date: 28 September 2018



Director

Date: 28 September 2018

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: 28 September 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SIT Land Holdings Ltd** (the "Company") on pages 41 to 80 which comprise the statements of financial position as at 30 June 2018 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 41 to 80 give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and comply with the Mauritius Companies Act 2001.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, we have determined the matters described overleaf to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

Key Audit Matters (continued)

Matter	Audit response
<p>Land <i>(Refer to Note 3(b) for accounting policies and Note 5 relating to land.</i></p> <ul style="list-style-type: none"> Land is the Company's most significant asset comprising of 31% of the total assets as at 30 June 2018. The land is held for agricultural purpose and is stated at cost. Due to the significant risk over the recording and classification of land and the amount of resources being allocated by the directors over the reconciliation of movements since inception, we have determined this area as a key audit matter in our audit of the financial statements. 	<p>Our procedures in relation to land included the following:</p> <ul style="list-style-type: none"> We tested the design and implementation of the internal controls over the recording and classification of land; We agreed the land recorded in the land register with the supporting title deeds obtained from the land registry; We evaluated the movements recorded in the land register against the land surveyor report and the title deeds to ascertain whether the movements are accurately recorded and appropriate.
<p>Impairment assessment of amount due from associate company <i>(Refer to the Note 3(m) for the accounting policies and Note 12 relating to trade and other receivables</i></p> <ul style="list-style-type: none"> As at 30 June 2018, the amount due from associate Company amounted to Rs. 215,668,000, representing 61% of the current assets and 25% of the total assets of the Company. IAS 39 Financial Instruments – Recognition and Measurement requires an assessment, at the end of each reporting period, as to whether there is any objective evidence that a financial asset or group of financial assets is impaired. 	<p>Our procedures in relation to impairment on receivables from associate included the following:</p> <ul style="list-style-type: none"> Evaluation of the financial performance of SIT PROPERTY DEVELOPMENT LTD, including its solvency and liquidity position, as evidenced by the latest audited financial statements for which we are auditors; We challenged the assumption used by the directors' recoverability assessment by: <ul style="list-style-type: none"> (a) Applying our knowledge and understanding of the associate and the industry in which it operates; (b) Obtaining the valuation reports for properties owned by the associate and evaluating whether the market value of the properties is sufficient to cover its obligations towards the Company;

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

Key Audit Matters (continued)

Matter	Audit response
<p>Impairment assessment of amount due from associate company</p> <p><i>(Refer to the Note 3(m) for the accounting policies and Note 12 relating to trade and other receivables)</i></p> <p>As at 30 June 2018, impairment indicators were identified:</p> <ul style="list-style-type: none"> (a) The associate was in a net current liability position; (b) The associate had not managed to source funding to finance its main projects; and (c) The associate was facing challenges with collecting receivables relating to final payments from clients for reserved plots of land. <ul style="list-style-type: none"> • As at Balance Sheet date, the directors assessed the receivables from associate taking into account the financial health, the fair value of the assets and the ability of the associate to repay its financial obligations. Based on the assessment made by the directors, no provision for impairment have been booked with respect to receivables from associate. • Given the magnitude of the amount due from associate in the financial statements, the impairment assessment of this balance is a key audit matter in our audit of the financial statements. 	<ul style="list-style-type: none"> (c) Assessing the credit history of the associate based on the historical trends of repayments; and (d) Discussing with management on the viability of key development projects and confirming that the directors have approved each development plan of the associate. (e) We considered the consistency of judgements regarding the recoverability of receivables from associate made year in year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support <ul style="list-style-type: none"> • We have evaluated whether the impairment assessment of the amount due from SIT PROPERTY DEVELOPMENT LTD and the related assumptions and judgements applied are adequately disclosed in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

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.

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.

In preparing the financial statements, directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

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 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 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 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.

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, we determine 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

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.

Other Matters

- (i) The financial statements of the Company for the year ended 30 June 2017 were audited by another auditor, whose audit report dated 29 November 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: 28 September 2018

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 Rs'000	2017 Rs'000
ASSETS			
Non-current assets			
Land	5	264,538	264,538
Investment property	6	70,053	70,053
Plant and equipment	7	9,488	13,412
Intangible assets	8	-	-
Investment in associate	9	163,677	156,034
Deferred expenditure	10	-	-
Total non-current assets		507,756	504,037
Current assets			
Inventories	11	2,776	1,266
Trade and other receivables	12	226,140	231,825
Consumable biological assets	13	13,565	20,976
Cash and cash equivalents	24(b)	6,420	12,227
Assets held for sale	14	102,647	103,500
Total current assets		351,548	369,794
Total assets		859,304	873,831
EQUITY AND LIABILITIES			
Equity			
Stated capital	15	325,025	325,025
Retained earnings		202,849	245,716
Total equity		527,874	570,741
Liabilities			
Non-current liability			
Retirement benefit obligations	16	25,589	23,315
Total non-current liability		25,589	23,315
Current liability			
Trade and other payables	17	305,841	279,775
Total current liability		305,841	279,775
Total liabilities		331,430	303,090
Total equity and liabilities		859,304	873,831

Approved by Board of directors on 28 September 2018 and signed on its behalf by



Director



Directors

The notes on pages 45 to 80 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 Rs'000	2017 Rs'000
Revenue	18	54,743	69,973
Cost of sales	19	(85,818)	(147,059)
Gross loss		(31,075)	(77,086)
Other income	20	5,265	7,967
Administrative expenses	21	(7,399)	(8,414)
Operating loss		(33,209)	(77,533)
Finance income		18,744	21,302
Finance costs		(22,995)	(21,700)
Net finance costs	22	(4,251)	(398)
Share of profit of associate, net of taxation	9	7,643	35,614
Loss before taxation		(29,817)	(42,317)
Taxation	23(c)	-	-
Loss for the year		(29,817)	(42,317)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit liability	16	(49)	(271)
Other comprehensive income for the year		(49)	(271)
Total loss and other comprehensive income for the year		(29,866)	(42,588)
Earnings per share (Rs)		(0.09)	(0.13)

The notes on pages 45 to 80 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Stated capital Rs'000	Retained earnings Rs'000	Total Rs'000
At 01 July 2016	325,025	298,055	623,080
Total comprehensive income			
Loss for the year	-	(42,317)	(42,317)
Other comprehensive income	-	(271)	(271)
	-	(42,588)	(42,588)
Transactions with owners of the Company			
Contributions and distributions			
Dividends (Note 25)	-	(9,751)	(9,751)
At 30 June 2017	325,025	245,716	570,741
At 01 July 2017	325,025	245,716	570,741
Total comprehensive income			
Loss for the year	-	(29,817)	(29,817)
Other comprehensive income	-	(49)	(49)
	-	(29,866)	(29,866)
Transactions with owners of the Company			
Contributions and distributions			
Dividends (Note 25)	-	(13,001)	(13,001)
At 30 June 2018	325,025	202,849	527,874

The notes on pages 45 to 80 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rs'000	2017 Rs'000
Cash Flows from operating activities			
Cash generated from operations	24(a)	8,931	205,316
Interest received	22	18,744	21,302
Interest paid	22	(22,995)	(21,700)
Net cash generated from operating activities		4,680	204,918
Cash flows from investing activities			
Acquisition of plant and equipment	7	(740)	(1,973)
Proceeds from sale of land		3,254	-
Net cash generated from/(used in) investing activities		2,514	(1,973)
Cash flows from financing activities			
Repayment of borrowings		-	(107,021)
Dividend paid to shareholders	25	(13,001)	(9,751)
Net cash used in financing activities		(13,001)	(116,772)
Net (decrease) / increase in cash and cash equivalents		(5,807)	86,173
Cash and cash equivalents at 01 July,		12,227	(73,946)
Cash and cash equivalents at 30 June,	24(b)	6,420	12,227

The notes on pages 45 to 80 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

SIT LAND HOLDINGS LTD is a public company, incorporated on 23 November 2001 and domiciled in Mauritius. It was listed on the Development and Enterprise Market of the Stock Exchange of Mauritius on 26 September 2002. Its registered office and principle place of business is Ground Floor, NG Tower, Cybercity, Ebène.

The principal activities of the Company are:

- dealing in matters relating to agriculture in general;
- acquire, hold and/or dispose of properties in general; and
- investment holding.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act. They were authorised for issue by the Company's board of directors on 28 September 2018.

Details of the Company's accounting policies are included in Note 3.

(b) Basis of preparation

These financial statements have been prepared under the historical cost basis, except for the following material items in the statement 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.

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

The following standards, amendments to standards and interpretations were and are not effective for annual periods beginning on 01 July 2017. Earlier application is permitted. Hence the Company has not early adopted them in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. BASIS OF PREPARATION (CONTINUED)

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

IFRS 9 Financial	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
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or indefinitely Joint Venture	Effective date deferred indefinitely
IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	01 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
Annual improvements to IFRSs 2015-2017 Cycle	01 January 2019

IFRS 9 Financial Instruments

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

- Classification and measurement of financial assets

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Company expects that these will continue to be measured at amortised cost under IFRS 9. However, the Company will analyse the cash flows characteristics of these instruments in more detail before concluding whether all these instruments meet the criteria for amortised cost measurement under IFRS 9.

- Impairment

IFRS 9 requires the Company to record expected credit losses on all of its loans and trade receivables, either on a 12 months and/or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all loans and trade receivables. The Company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward looking elements to determine the extent of the impact.

IFRS 9 is effective for annual reporting periods beginning on or after 01 January 2018 with early adoption permitted. However the Company has not early adopted the above standard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. BASIS OF PREPARATION (CONTINUED)

(ii) *Standards, Amendments to published Standards and Interpretations effective in the reporting period*

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the International Standard Board ("IASB") that is relevant to its operations and effective for accounting year beginning on or after 01 July 2017. The following standards have been adopted by the Company for the financial year beginning on 01 July 2017.

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balance for liabilities arising from financing activities. The standard is not expected to have any impact on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendment provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

The amendments apply for annual periods beginning on or after 01 January 2017 and early application is permitted.

The Company is currently assessing the potential impact on its financial statements resulting from the amendments. So far, the Company do not expect any significant impact.

(c) **Functional and presentation currency**

These financial statements are presented in Mauritian Rupees ("Rs"), which is the 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 financial statements, management has made judgements, estimates and assumptions that affect the application of the 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.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(i) Judgements

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

- Note 4(c): Asset lives and residual values; and
- Note 12: Recoverability of amount due from associate

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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

Measurement of fair values

When measuring the fair value of an asset, the Company uses 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 Company's ability to continue as a going concern and is satisfied that 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 Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Financial instruments

The Company classifies non-derivative financial assets into loans and receivables. Loans and receivables comprise trade and other receivables and cash and cash equivalents.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Other financial liabilities comprise trade and other payables.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – Measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The amortised cost of loans and receivables is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction in impairment.

Cash and cash equivalents

Cash comprises of cash at bank and bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at amortised cost which is equivalent to their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial instruments (continued)

(iii) Non derivative financial liabilities – measurement

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

b) Land

The Company holds agricultural land at Mon Tresor, Britannia and Le Bouchon which are mostly under sugar cane cultivation. Land is stated at cost and is not depreciated.

Reclassification to investment property

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

c) Investment property

Investment property comprises portions of land leased out. The land is held for rental yields. Investment property is measured at cost. 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 or loss. Transfers from land to investment property are accounted at carrying amount. Investment property which comprises solely of land is not depreciated.

d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated 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 Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) *Plant and equipment (continued)*

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.

The estimated useful lives of plant and equipment for current and comparative years are as follows:

Bearer plant canes*	-	7 years
Computer equipment	-	3 years
Motor vehicles	-	5 years
Furniture and fittings	-	10 years
Tools and equipment	-	4 years

Depreciation methods, useful lives and residual values are reviewed at the end of 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.

e) *Intangible assets*

(i) *Recognition and measurement*

Intangible assets comprise of software licences that are acquired by 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 the intangible assets are 3 years.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Investment in associate

An associate is an entity in which the Company has significant influence, but not control, or joint control, over the financial and operating policies. Investment in associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of profit or loss of the associate, until the date on which significant influence ceases.

g) 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.

h) Consumable biological assets

Standing sugar cane crop

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

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.

i) Assets held for sale

Non-current assets 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.

j) Stated capital

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) 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.

(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.

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 of the Company and reversal of temporary differences. Deferred tax assets are reviewed at the end of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Taxation (continued)

(ii) Deferred tax (continued)

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.

l) 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 benefit plans

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 (AON Hewitt Ltd) using the projected unit credit method on a yearly basis. The obligations arising under this item are not funded.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Retirement benefit obligations (continued)

(ii) Defined benefit plans (continued)

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 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.

m) Impairment

(i) Non derivative financial assets

The Company's financial assets (i.e. loans and receivables) which are not classified at fair value through profit or loss and associates are assessed at the end of each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Impairment (continued)

(i) Non derivative financial assets (continued)

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At the end of each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than consumable biological assets, investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n) Revenue

Revenue represents gross proceeds from sugar, related by-products of sugar and other agricultural produce.

Revenue is recognised when risks and rewards have been transferred, recovery of the consideration is probable, the associated costs and the amount of revenue can be estimated reliably and there is no continuing management involvement with the goods. Revenue from sugar, related by-products of sugar and other agricultural produce are measured at the fair value of the consideration received or receivable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Other income

Other income comprises rental income from land, sales of plants, excess over four miles and sundry income. Other income is accounted in profit or loss on an accrual basis.

p) Finance income and finance costs

The Company's finance income and finance costs include interest income and interest expense. Interest income and expense are recognised in profit or loss using the effective interest method.

q) Expenses

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

r) Dividends

Dividends are recognised in the period in which they are declared and approved for payment by the Board of directors.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

The Company makes 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.

(a) 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.

(b) Retirement benefit obligations

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 on the carrying amount of pension obligations.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Retirement benefit obligations (continued)

The Company determines the appropriate discount rate at the end of each reporting date. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company 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 liability.

Other key assumptions for pension obligations are based on current market conditions.

(c) Asset lives and residual values

Plant and equipment are depreciated over their useful lives 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.

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 assets at the end of their expected useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5. LAND

	2018 Rs'000	2017 Rs'000
At 01 July,	264,538	298,127
Land written off (Note (a))	-	(535)
Transfer to asset held for sale (Note (b))	-	(1,767)
Transfer to investment property (Note (b))	-	(31,287)
At 30 June,	264,538	264,538

- (a). During the year ended 30 June 2017, the land register and database kept were not maintained properly by the Company. 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 (Note 19)
- (b). Based on the assessment made by the directors during the financial year ended 30 June 2017, 14.07 arpents of Land at Union Park earmarked as held for sale was reclassified to assets held for sale and 249.14 arpents of Land at Britania and Highlands leased out for cultivation of agricultural produce were reclassified as investment property (Note 14 and Note 6).
- (c). Land has been pledged as security for the notes issued by the holding company.

6. INVESTMENT PROPERTY

	2018 Rs'000	2017 Rs'000
At 01 July,	70,053	-
Transfer from land (Note 5(a))	-	31,287
Transfer from assets held for sale (Note 14)	-	38,766
At 30 June,	70,053	70,053

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7 PLANT AND EQUIPMENT

	Bearer Plants Canes Rs'000	Computer Equipment Rs'000	Motor vehicles Rs'000	Furniture and fittings Rs'000	Tools and equipment Rs'000	Total Rs'000
COST						
At 01 July 2016	75,659	167	6,887	381	6,089	89,183
Additions	1,973	-	-	-	-	1,973
At 30 June 2017	77,632	167	6,887	381	6,089	91,156
Additions	740	-	-	-	-	740
At 30 June 2018	78,372	167	6,887	381	6,089	91,896
ACCUMULATED DEPRECIATION						
At 01 July 2016	61,933	161	4,873	381	5,281	72,629
Charge for the year	3,822	3	923	-	367	5,115
At 30 June 2017	65,755	164	5,796	381	5,648	77,744
Charge for the year	3,438	3	923	-	300	4,664
At 30 June 2018	69,193	167	6,719	381	5,948	82,408
CARRYING AMOUNT						
At 30 June 2018	9,179	-	168	-	141	9,488
At 30 June 2017	11,877	3	1,091	-	441	13,412

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8 INTANGIBLE ASSETS

	2018 Rs'000	2017 Rs'000
COST		
At 01 July and 30 June,	1,585	1,585
ACCUMULATED AMORTISATION		
At 01 July,	1,585	1,574
Charge for the year	-	11
At 30 June,	1,585	1,585
CARRYING AMOUNT		
At 30 June,	-	-

9 INVESTMENT IN ASSOCIATE

	2018 Rs'000	2017 Rs'000
At 01 July,	156,034	120,420
Share of result of associate	7,643	35,614
At 30 June,	163,677	156,034

(a) Details in respect of the investment in associate are as follows:

Name of entity	Activity	Country of incorporation	Place of business	% Holding	Year end
SIT Property Development Ltd	Property Development	Mauritius	Ground Floor, NG Tower, Cybercity, Ebène	49%	30 June

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9 INVESTMENT IN ASSOCIATE (CONTINUED)

(b) Summarised financial information in respect of the Company's associate are set out below:

	2018 Rs'000	2017 Rs'000
Current assets	1,221,692	1,290,386
Non-current assets	758,532	771,741
Current liabilities	1,644,556	1,738,581
Non-current liabilities	1,129	4,605
Revenue	229,469	1,118,268
Profit for the year	15,598	72,683
Total comprehensive income for the year	15,598	72,683

10 DEFERRED EXPENDITURE

	2018 Rs'000	2017 Rs'000
At 1 July	-	45,831
Addition	-	-
Amortisation	-	(45,831)
At 30 June	-	-

During the financial year ended 30 June 2017, as part of its cost reduction strategies, the Company has implemented an early retirement scheme for its employees in 2015/16 with the aim to reduce its labour costs. Deferred expenditure represents the total compensation paid under the said scheme to 47 employees. These costs have been capitalised and amortised over seven years. Following a reassessment made by the directors, the deferred expenditure has been fully amortised.

11 INVENTORIES

	2018 Rs'000	2017 Rs'000
Fertilizers and chemicals	2,776	1,266

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12 TRADE AND OTHER RECEIVABLES

	2018 Rs'000	2017 Rs'000
Trade receivables	3,216	3,635
Other receivables	7,256	5,605
Amount due from the associate company (Note 28)	215,668	222,585
	<u>226,140</u>	<u>231,825</u>

The carrying amounts of trade and other receivables approximate their fair value.

The amount due from SIT Property Development Ltd (the “associate company”) carries interest at a rate of 8.5% per annum and is repayable on demand. At year end, the following impairment indicators were identified:

- the associate was in a net current liability position;
- the associate had not managed to source funding to finance its major projects; and
- the associate was facing challenges with collecting receivables relating to final payments from clients for reserved plots of land.

The directors have therefore made an assessment of the recoverability of the amount due from the associate and they are of the opinion that they will recover the fund based on the following factors:

Fair value of the assets of the associate

Sugar Investment Trust (the “holding company”) issued notes amounting to Rs 1.5 billion in 2017. As part of the arrangement, the latter had appointed an expert to value some of the assets within the group which will be pledged as security for the notes issued. The directors used the valuation reports prepared by the expert to assess the fair value of the assets owned by the associate and they deem the value of these assets to be sufficient to cover its obligations towards the Company.

Financial health and ability of the associate to repay its financial obligations

The directors expect SIT Property Development Ltd to be more profitable in the future as it has major projects in the pipeline and do not foresee any risk of default based on historical dealings. In addition, Sugar Investment Trust, which is also the major shareholder of the associate, has provided a subordination in favour of the other creditors of the latter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13 CONSUMABLE BIOLOGICAL ASSETS

	2018 Rs'000	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

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 Rs'000	Nursery plants Rs'000	Total 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

(a) Measurement of fair values

(i) Fair value hierarchy

The fair value measurement for standing sugar canes have been categorised as Level 3 fair value based on the inputs to the valuation techniques used. The fair value measurement of nursery plants have been categorised as Level 2 fair values based on observable market sales data.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

(a) Measurement of fair values (continued)

(ii) Valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing canes	<p><i>Cost technique and discounted cash flows:</i></p> <p>The Company 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.</p>	<ul style="list-style-type: none"> 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) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> 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	<p><i>Market comparison technique:</i></p> <p>The fair value is based on the market price of nursery plants of similar age, quality and market values.</p>	Not applicable	Not applicable

(b) Risk management strategy related to agricultural activities

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14 ASSETS HELD FOR SALE

	2018 Rs'000	2017 Rs'000
At 01 July	103,500	146,698
Asset held for sale written off (Note 19)	-	(6,199)
Transfer to investment property (Note 6)	-	(38,766)
Expenditure incurred during the year	164	-
Disposed during the year (Note 19)	(1,017)	-
Transfer from land (Note 5)	-	1,767
	<u>102,647</u>	<u>103,500</u>

Assets held for sale represent unsold plots of land as at 30 June 2018 in respect of agricultural morcellements at Ile D'Ambre, Deux Bras and Union Park. Number of arpents available as at year-end are as follows:

	2018 Arpent	2017 Arpent
Ile D'Ambre	64.76	65.32
Deux Bras	2.35	3.53
Union Park	14.07	14.07
	<u>81.18</u>	<u>82.92</u>

15 STATED CAPITAL

	2018 Rs'000	2017 Rs'000
Issued and fully paid		
1 founder share, equivalent to 25,000 ordinary shares at Rs 1 each	25	25
325,000,000 ordinary shares at Rs 1 each	325,000	325,000
	<u>325,025</u>	<u>325,025</u>

Rights attached to the founder share

The founder share shall rank equally with ordinary shares in the capital of the Company as regards rights to dividends and other distribution and for return of capital upon a winding up. The holder thereof shall be entitled to receive notice of, attend and vote at all general meetings of the Company.

The founder share shall carry and the holder thereof shall be entitled to cast, whether on a poll or otherwise, such number of votes as amounts to an absolute majority of the votes that may cast at such general meeting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15 STATED CAPITAL (CONTINUED)

Rights attached to the 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.

16 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations comprise of gratuity on retirement payable under the Employment Rights Act 2008 and have been based on the report submitted by AON Hewitt Ltd, dated 11 September 2018.

	SIPFI Members		Artisans/Labourer		Total	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Movement in the gratuity on retirement is as follows:						
At 01 July	(177)	-	23,492	21,218	23,315	21,218
Amount recognised in profit or loss	5	23	2,279	2,203	2,284	2,226
Amount recognised in other comprehensive income	259	(148)	(210)	419	49	271
Less: Employer contributions	(59)	(52)	-	(348)	(59)	(400)
At 30 June	28	(177)	25,561	23,492	25,589	23,315

(i) The amounts recognised in statement of profit or loss are as follows:

	SIPFI Members		Artisans/Labourer		Total	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Movement in the gratuity on retirement is as follows:						
Current service cost	19	25	752	730	771	755
Settlement loss	-	-	-	-	-	-
Net interest on net defined benefits (asset)/liability	(14)	(2)	1,527	1,473	1,513	1,471
	5	23	2,279	2,203	2,284	2,226

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	SIPFI Members		Artisans/Labourer		Total	
	2018	2017	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Return on plan assets above interest income	(27)	(38)	-	-	(27)	(38)
Liability experience loss	27	(110)	(668)	378	(641)	268
Liability loss due to change in financial assumptions	259	-	458	41	717	41
	259	(148)	(210)	419	49	271

(iii) The movement in the present value of defined benefit obligation over the year are as follows:

	SIPFI Members		Artisans/Labourer		Total	
	2018	2017	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	1,533	-	23,492	21,218	25,025	21,218
Current service cost	19	25	752	730	771	755
Interest expense	96	101	1,527	1,473	1,623	1,574
Employee contributions	17	22	-	-	17	22
Settlement loss	-	-	-	-	-	-
Benefits paid	(102)	(103)	-	(348)	(102)	(451)
Liability loss due to change in financial assumptions	259	-	458	41	717	41
Liability experience (gain)/loss	27	(110)	(668)	378	(641)	268
Transfer in	-	1,598	-	-	-	1,598
At 30 June	1,849	1,533	25,561	23,492	27,410	25,025

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(iv) The movement in the fair value of plan assets over the year are as follows:

	SIPF1 Members		Total	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
At 01 July	1,710	-	1,710	-
Interest income	110	103	110	103
Employer contributions	59	52	59	52
Employee contributions	17	22	17	22
Benefits paid	(102)	(103)	(102)	(103)
Return on plan assets excluding interest income	27	38	27	38
Transfers in	-	1,598	-	1,598
At 30 June	1,821	1,710	1,821	1,710

The principal actuarial assumptions at end of year were as follows:

	SIPF1 Members		Total	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Artisans/Labourers				
Discount rate	5.3%	6.5%	5.3%	6.5%
Future salary increases	-	-	3.1%	4.0%
Future pension increases	-	-	0.5%	0.5%
Average retirement age	60 years	60 years	60 years	60 years

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	SIPF1 Members		Artisans/Labourers	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Increase due to 1% decrease in discount rate	190	145	1,324	1,375
Decrease due to 1% decrease in discount rate	161	124	1,215	1,255

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Future cash flows

The funding policy is to pay contributions at the rates required by SIPF for relevant employees.

	2018	2017
Expected employer contribution for the next year (Rs'000)	59	52
Weighted average duration of the defined benefit obligation	9 years	9 years

The funding policy is to pay benefits out of the reporting entity's cash flow as when due.

	2018	2017
Expected employer contribution for the next year (Rs'000)	5,043	3,550
Weighted average duration of the defined benefit obligation	5 years	6 years

Associated risks

The Company is subject to an unfunded defined benefits plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability. However, this may be partially offset by a decrease in inflationary pressures on salary increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17 TRADE AND OTHER PAYABLES

	2018 Rs'000	2017 Rs'000
Trade payables	3,030	2,300
Other payables	16,747	20,046
Amount due to holding company (Note 28)	286,064	257,429
	305,841	279,775

18 REVENUE

	2018 Rs'000	2017 Rs'000
Proceeds from sugar and other related by-products of sugar	51,489	69,042
Proceeds from other agricultural produce	-	931
Proceeds from sale of land	3,254	-
	54,743	69,973

19 COST OF SALES

	2018 Rs'000	2017 Rs'000
Personnel expenses (Note (a))	41,803	44,530
Changes in fair value of consumable biological assets (Note 13)	7,411	4,928
Cultivation costs and SIFB premium	10,989	18,179
Subcontractor costs	20,762	22,892
Amortisation of deferred expenditure (Note 10)	-	45,831
Depreciation of bearer plant canes (Note 7)	3,438	3,822
VRS expenses	23	-
Nursery expenses	260	143
Land written off (Note 5)	-	535
Cost of land sold (Note 14)	1,017	-
Land transfer tax	115	-
Assets held for sale written off (Note 14)	-	6,199
	85,818	147,059

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

19 COST OF SALES (CONTINUED)

(a) Personnel expenses

	2018 Rs'000	2017 Rs'000
Wages, salaries and social security costs	39,578	42,704
Movement in retirement benefit obligations (Note 16)	2,225	1,826
	41,803	44,530
Number of employees	90	97

20 OTHER INCOME

	2018 Rs'000	2017 Rs'000
Income from sale of plant	588	498
Rental income from land	2,854	1,604
Excess over four miles refund	1,471	2,795
Sundry income	352	3,070
	5,265	7,967

21 ADMINISTRATIVE EXPENSES

	2018 Rs'000	2017 Rs'000
Management fees (Note 28)	1,000	1,000
Depreciation of plant and equipment, excluding bearer plant canes (Note 7)	1,226	1,293
Amortisation of intangible assets (Note 8)	-	11
Annual report expenses	249	442
Motor vehicles expenses	1,314	1,167
General expenses	875	992
Directors' fees	986	965
Audit fees	285	535
Press and advertising costs	259	500
Other expenses	1,205	1,509
	7,399	8,414

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22 NET FINANCE COSTS

	2018 Rs'000	2017 Rs'000
<i>Interest income:</i>		
- Bank accounts	124	187
- Current account held with associate (Note 28)	18,620	21,115
Finance income	18,744	21,302
<i>Interest expense:</i>		
- Bank overdraft	(1)	(3,480)
- Bank loans	-	(5,636)
- Current account held with holding company (Note 28)	(22,994)	(12,584)
Finance costs	(22,995)	(21,700)
Net finance costs	(4,251)	(398)

23 TAXATION

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

However, no provision for income tax has been made in the financial statements as the Company has accumulated tax losses amounting to **Rs 63,268,000** (2017: Rs 39,663,000).

Net deferred tax asset has not been recognised on accumulated tax losses, retirement benefit obligation and accelerated capital allowance because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

(a) Statement of financial position

	2018 Rs'000	2017 Rs'000
At 1 July	-	-
Tax charge for the year	-	-
At 30 June	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

23 TAXATION (CONTINUED)

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

	2018 Rs'000	2017 Rs'000
Derecognition of previously recognised deferred tax asset	-	-
Tax charge for the year	-	-

(c) The tax on the Company's loss before taxation differs from the theoretical amount that would arise using the basic tax of the Company as follows:-

	2018 Rs'000	2017 Rs'000
Loss before taxation	(29,817)	(42,317)
Tax calculated at a rate of 15% (2017: 15%)	(4,473)	(6,348)
Share of profit of associate	(1,146)	(5,342)
Excess of depreciation over capital allowance	16	61
Expenses not deductible for tax purposes	1,554	8,481
Tax losses carried forward	4,049	3,148
	-	-
Tax charge for the year	-	-

(d) Deferred tax assets not recognised

	Accelerated tax depreciation Rs'000	Tax losses Rs'000	Retirement benefit obligations Rs'000	Total Rs'000
At 01 July 2016	112	2,801	3,183	6,096
Movement during the year	59	3,148	274	3,481
At 30 June 2017	171	5,949	3,457	9,577
Movement during the year	127	3,541	381	4,049
At 30 June 2018	298	9,490	3,838	13,626

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

23 TAXATION (CONTINUED)

(e) Accumulated tax losses

Year end	To be carried forward	Tax losses available:		Total
		Expiry Dates	To carry forward indefinitely	
	Rs'000		Rs'000	Rs'000
30 June 2014	3,323	30 June 2019	1,953	5,276
30 June 2015	174	30 June 2020	1,732	1,906
30 June 2016	10,272	30 June 2021	1,221	11,493
30 June 2017	20,089	30 June 2022	899	20,988
30 June 2018	22,484	30 June 2023	1,121	23,605
	<u>56,342</u>		<u>6,926</u>	<u>63,268</u>

24 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	2018 Rs'000	2017 Rs'000
Loss before tax		(29,817)	(42,317)
<i>Adjustments for:</i>			
Depreciation on plant and equipment	7	4,664	5,115
Amortisation of intangible assets	8	-	11
Amortisation of deferred expenditure	10	-	45,831
Expenditure incurred during the year		(165)	-
Profit on sale of land		(2,237)	-
Land and asset held for sale written off	5&14	-	6,734
Interest income	22	(18,744)	(21,302)
Interest expense	22	22,995	21,700
Share of result of associate	9	(7,643)	(35,614)
Movement in retirement benefit obligations	16	2,225	1,826
Change in fair value of consumable biological assets	13	7,411	4,928
		<u>(21,311)</u>	<u>(13,088)</u>
<i>Changes in working capital:</i>			
- Inventories		(1,510)	8
- Trade and other receivables		5,685	36,289
- Trade and other payables		26,067	182,107
Cash generated from operations		<u>8,931</u>	<u>205,316</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

24 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Cash and cash equivalents

Cash at bank

2018 Rs'000	2017 Rs'000
6,420	12,227

25 DIVIDENDS

Dividend of Rs 0.04 per share (2017: Rs 0.03)

2018 Rs'000	2017 Rs'000
13,001	9,751

26 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

26.1 Financial risk management

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims 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 Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(b) Market risk

(i) Interest rate risk

The Company has set up the risk committee and expects this committee to closely monitor such transactions. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

26.1 Financial risk management (continued)

(b) Market risk (continued)**(i) Interest rate risk (continued)**

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.

Borrowings are made at variable rates and are therefore exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. For the current year, the Company is not exposed to interest rate risk as the current accounts with the holding and associate carry fixed interest rate.

(ii) Currency risk

The Company is not exposed to currency risk as it deals in Mauritian Rupee only.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arising principally from the Company's financial assets listed in the table below. Cash and cash equivalents are placed with or entered into with reputable financial institutions. Trade and other receivables comprise principally of trade receivables and amount due from associate. Trade receivables is monitored regularly and follow up is made for the outstanding balance. As for the amount due from associate, management does not foresee any risk of default based on historical dealings.

The carrying amount of financial assets represents the maximum credit exposure.

	2018 Rs'000	2017 Rs'000
Cash and cash equivalents	6,420	12,227
Trade and other receivables*	225,945	231,792
	<u>232,365</u>	<u>244,019</u>

*Trade and other receivables exclude prepayments amounting to **Rs. 195,000** (2017: Rs. 33,000).

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

	2018 Rs'000	2017 Rs'000
Neither past due nor impaired	<u>3,216</u>	<u>3,635</u>

An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows:

	2018 Rs'000	2017 Rs'000
Four or more years' trading history with the Company:		
Neither past due nor impaired	<u>3,216</u>	<u>3,635</u>

26 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

26.1 Financial risk management (continued)

(c) Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations.

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 Company's reputation.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of the expected cash flows.

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

30 June 2018

Trade and other payables

Total

Less than 1 year Rs'000	Total Rs'000
-------------------------------	-----------------

305,842	305,842
---------	---------

305,842	305,842
---------	---------

30 June 2017

Trade and other payables

Total

279,775	279,775
---------	---------

279,775	279,775
---------	---------

26.2 Accounting classifications 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

26.2 Accounting classifications and fair values (continued)

	Carrying amounts	
	2018 Rs'000	2017 Rs'000
Financial assets carried not measured at fair value*		
Trade and other receivables	225,945	231,792
Cash and cash equivalents	6,420	12,227
Total	232,365	244,019
Financial liabilities measured at fair value		
Trade and other payables	305,842	279,775
Total	305,842	279,775

*Financial assets exclude prepayments amounting to **Rs. 195,000** (2017: Rs. 33,000).

Trade and other receivables, cash and cash equivalents, borrowings and trade and other payables are the Company's financial instruments. Accordingly, management believes that their carrying values are a reasonable approximation of their fair values, due to the immaterial impact of discounting. Therefore, no further fair value disclosures are presented.

26.3. Capital risk management

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.

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

There were no changes in the Company's approach to capital management during the year.

The total accumulated net worth of the Company was **Rs. 527,874** (2017: Rs. 570,741).

27 HOLDING COMPANY

The directors regard Sugar Investment Trust, a company incorporated in Mauritius having its registered office at Ground Floor, NG Tower, Cybercity, Ebène as the holding company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

28 RELATED PARTY TRANSACTIONS

	Management fees payable Rs'000	Interest income/ (expense) Rs'000	Amount owed by/ (to) related parties Rs'000
2018			
Holding company	1,000	(22,994)	(286,064)
Associate	-	18,620	215,668
2017			
Holding company	1,000	(12,584)	(257,429)
Associate	-	21,115	222,585

Outstanding balances owed by or due to related parties at the year-end are unsecured, with no fixed terms of repayment, bearing interest at a rate of 8.5% per annum and repayable on demand.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2018, the Company has not recorded any impairment of receivables relating to amount owed by related party (2017: nil). 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 as at 30 June was as follows:

	2018 Rs'000	2017 Rs'000
Directors' remuneration	986	965

29 SUBSEQUENT EVENTS

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.