Sugar Investment Trust

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Sugar Investment Trust

Annual Report 2020

BEM VINDOS
SBM
SIT

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

CORE VALUES

CUSTOMER FOCUS
DILIGENCE
DEDICATION
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 maximize shareholders' wealth with a view to providing an enhanced and consistent dividend distribution and appreciation of share value to all shareholders.

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CORPORATE INFORMATION

Board of Directors

Mr Preetam Boodhun (Chairperson)
Mr Harryduth Ramnarain
Mr Sobeersen Sanmukhiya
Mr Heymant Rao Anand Sonoo
Mr Daramdev Jhunput
Mr Gilbert Bernadin Legrand
Mr Feroze Peerboccus

Chief Executive Officer

Mr Dineshrao Babajee

Registered Office

Ground Floor, NG Tower, Cybercity, Ebene

Secretary, Registrar and Transfer Office

SIT Corporate and Secretarial Services Ltd
Ground Floor, NG Tower , Cybercity, Ebene

Legal Advisor

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

Auditors

Mazars
4th Floor, Unicorn Centre
18N Frere Felix de Valois Street
Port Louis

Bankers

SBM Bank (Mauritius) Ltd
Mauritius Commercial Bank Ltd
MauBank Ltd

CHAIRMAN'S MESSAGE

Dear Shareholder,

The impact of the COVID-19 is being felt by all businesses around the world and economic activities are struggling to keep pace due to stringent lockdown measures imposed globally. Like many organisations, the SIT Group is facing the crisis with a spirit of reinvention and business reorientation.

Despite having started the financial year 2020 on an overwhelming note which witnessed the reopening of the Splash n Fun Leisure Park in October 2019, the effects of the coronavirus were felt by the SIT Group as from the third quarter. In addition to the temporary closure of the Splash n Fun Leisure Park as from March 2020, agricultural activities were affected and the finalisation of deeds of sale for the residential morcellement project in Aurea could not be concluded as initially planned due to the lockdown.

At the close of the challenging financial year 2020, SIT Group made a turnover of Rs 240 M that included dividend income from investee companies and revenues from 5 months of operation of the Splash n Fun Leisure Park. The Wage Assistance Scheme from the Government has enabled us to cater for up to 60% of salaries. Amidst the uncertainty in these trying times, our responsibility is to ensure that we emerge from the pandemic stronger. No stone is being left unturned by SIT to repay its debts and honour its commitments towards the Noteholders. With the objective of safeguarding its financial reserves, the Board of SIT has decided not to declare any dividend for the financial year ended 30 June 2020.

With a view of ensuring a consistent income stream for the SIT Group new strategies are being devised to reorientate our activities. Investments made in 2014 in two solar farm projects in collaboration with an international partner have unfortunately not been profitable. SIT has initiated actions to recover the investments made in these projects. As concerned Le Bouchon Smart City, the Shareholders' Agreement was concluded in November 2020 and a Smart City Scheme Certificate is being awaited from the Economic Development Board (EDB).

On a concluding note, I wish to extend my appreciation to the directors of SIT and its subsidiaries for their valuable contributions. I would also like to express my thanks to the management team and the employees of SIT Group for their continued commitment and dedication and to our esteemed shareholders, noteholders and stakeholders for their support.

Preetam Boodhun
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

As Chief Executive Officer, I have joined the SIT Group in July 2020 after having served the Rose Belle Sugar Estate as General Manager for four years. I have now the pleasure to present the annual report for Sugar Investment Trust (SIT) (The ''Company'') and its subsidiaries for the financial year ended 30 June 2020 to our esteemed shareholders and stakeholders.

OVERVIEW OF THE BUSINESS SITUATION AT SIT GROUP

At business level, the financial year 2019/2020 was marked by the unprecedented COVID-19 crisis as the Mauritian economy has been sternly affected at all levels. No business model would predict that one day, the world of business activities would have to face such an aftermath of a sanitary measure like the lockdown effects. With the imposition of a national lockdown for more than 3 months, business activities of different economic sectors were affected at all levels.

The SIT Group and its subsidiaries were no exception to this effect. At the Group level, the Company had to face the economic repercussions, affecting revenue from business its subsidiaries namely: SIT Leisure Limited, SIT Property Development Ltd and SIT Land Holdings Ltd.

With these tough economic conditions prevailing at Management level, we had to re-position the SIT Group to render it competitive in the market. We had to review our strategies at administration level to ensure that we are efficient in the way we conduct our day-to-day operations. At strategic level, we had to come up with innovative business ideas to boost the brand name and at the same time to re-educate the market on the values of Sugar Investment Trust. One of the main strategies implemented during the year 2020 was the inception of a first-time sales strategy, the SIT Land Expo 2020. The objective of this event was to encourage the population to invest wisely in property. A good response was noted from the population to invest in land, and Management intends to develop residential and agricultural projects in the near future to achieve the Group's continued commitment to land democratisation and agriculture development.

Under the same spirit, as part of its diversification strategy, Management had concluded the Shareholders' Agreement towards the end of the year 2020 for the development of the Smart City Project at Le Bouchon. The project will be a first-time one for SIT Group and it will drive the social and entrepreneurship benefits to the economy of Mauritius.

On the other hand, the activities of Splash n Fun Leisure Park were affected despite its re-opening in the month of October 2019. We had to face a temporary closure in March 2020. During the lock down, Management conducted an internal business audit at all levels at the park to create an ever-lasting customer experience. Since its first re-opening in October 2019, we had also reviewed the prices of food and beverages at the restaurants and food court outlets. We had to ensure that all sanitary measures have been put in place for the safety of our clients as per the norms of the authorities. We have also launched the online ticket booking to minimise queueing and to further render the customer experience a beautiful journey at the park. The passion of our staffs at Splash n Fun Leisure Park is to ensure that our customers experience more than just splash n fun.

Hence, under these lines, we had turned this business challenge into an opportunity to better re-engineer our business model to foster creativity, innovation and entrepreneurial spirit at all business clusters to align with our vision which is to become one of the leading companies through sustainable investments in key viable economic sectors that support capital appreciation and ensure consistent income streams.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

FINANCIAL PERFORMANCE OF SIT GROUP

- ### Company level

One of the main source of revenue of SIT is dividend income from investee companies. During the year the total revenue of the Company was Rs 82.7 M as compared to Rs 44.0 M in 2019, representing an increase of 87.6 %. This increase is attributable to dividends received from investee companies which did not declare any dividend during the previous year. The Company made a net profit of Rs 66.7 M as compared to Rs 35.8 M in 2019.

- ### Group level

At Group level, the turnover has increased from Rs 221 M in 2019 to Rs 240 M in 2020 representing a slight increment of 8.6%. However, the Group made a net loss of Rs 128.2 M due to the delay in realisation of deeds of sale for the Aurea Project following the COVID-19 situation. The overall revenue was generated from dividend from investee companies, proceeds from sugar & related by-products, sale of land, operation of Splash n Fun Leisure Park and provision of secretarial services, as shown in the charts below:

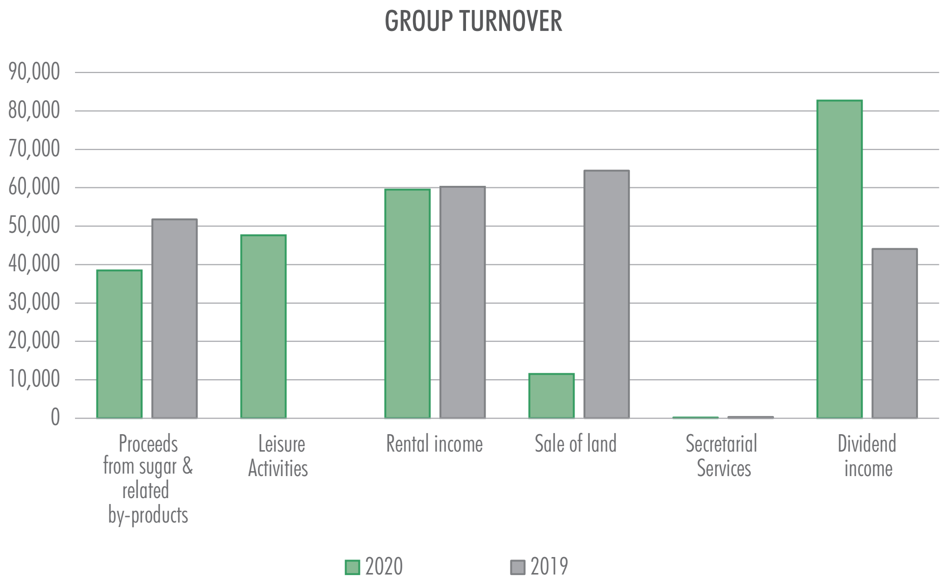


Table 1: Group Turnover

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

FINANCIAL PERFORMANCE OF SIT GROUP (CONTINUED)

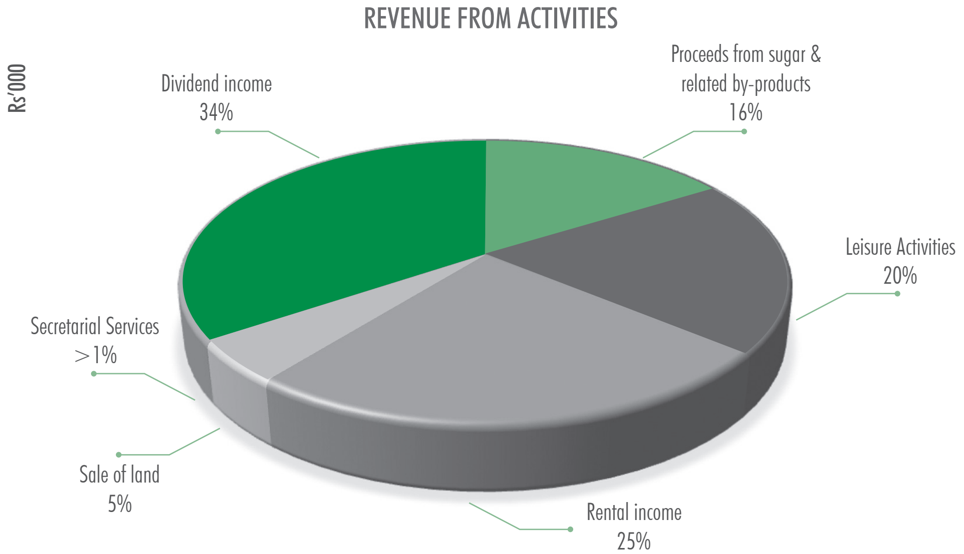


Table 2: Revenue from Business Activities

In view of the uncertain economic environment due to the pandemic, the SIT Board has exceptionally taken the decision of not declaring any dividend for year under review with the aim of safeguarding its financial reserves for future repayments to noteholders, thereby decreasing the indebtedness of the Company.

1. Agriculture Cluster

SIT Land Holdings Ltd (SITLH) made a turnover of Rs 46.2 M derived mainly from proceeds of sugar production and land sale, as compared to a turnover of Rs 53.6 M in 2019. However, SITLH made a loss of Rs 77.9 M., which is partially due to the share result of its associate company which is negative Rs 42.5 M during the year under review as compared to negative Rs 38 M in 2019. The financial situation is expected to be better for the next financial year as the associate company would be proceeding with the finalisation of deeds of sale for the Aurea projects, which could not be concluded before the financial year end due to the COVID-19.

1.1 Sugarcane Activities

For the crop year 2019, sugar cane harvesting started on 1st July 2019 and ended on 16th January 2020. A total sugar-cane tonnage of 35,511 ton was harvested for crop year 2019 as opposed to 36,676 ton in 2018. Sugar produced for crop year 2019 was 2,508 ton as compared to 2,852 ton for year 2018 at a price of Rs 11,383.65/ton. For the current year under review, Sugar cane proceeds amounted to Rs 28.6 M, whereas in 2019 the same amounted to Rs 24.8 M with a price of Rs 8,700 /ton. The compensation received from SIFB for Crop 2019 amounted to Rs 478,470 as compared to Rs 16,749,626 for year 2018. The harvest results for Mon Trésor and Britannia are summarised in the following table:

FINANCIAL PERFORMANCE OF SIT GROUP (CONTINUED)

1.1 Sugarcane Activities (Continued)

DETAILS		MON TRESOR		BRITANNIA		Total	
		2019	2018	2019	2018	2019	2018
Area Harvested	Ha	340	309	236	335	576	644
Sugar Cane Produced	Tons	19,580	17,037	15,931	19,639	35,511	36,676
Sugar Cane Yield	Tons/Ha	57.54	55.18	67.62	58.66	61.67	56.92
Sugar Produced	Tons	1,455	1,642	1,053	1,885	2,508	2,852
Sugar Yield	Tons/Ha	4.27	5.32	4.47	5.63	4.35	5.48
Extraction Rates	%	7.43	9.64	6.61	9.60	7.06	9.62

Sugar Cane Activities

1.2 Food Crop Production

With the advent of the COVID-19 pandemic and the eventual lockdown in March 2020, SITLH reviewed its food crop production programme and worked in collaboration with the Government to avoid any shortfall in the availability fresh vegetables in the market for local consumption. SITLH thus proceeded with the cultivation of onion, pumpkin and beans. Much effort was put to develop abandoned lands at Deux Bras. Support from the Ministry of Agro Industry & Food Security for the obtention of Work Access Permits, Mauritius Cane Industry Authority (MCIA) and FAREI were obtained to attain the objectives.

1.3 Operation of Nursery: ST-Avold Nursery Britannia

The nursery at St Avold Britannia (the "Nursery") has been re-branded during the year 2020 to have more visibility in the market. It is worth to point out that the Nursery has over 150 different species of plants available for sale to the public in general. For the year under review, the revenue from the nursery has decreased from Rs 709,090 in 2019 to Rs 434,720 in 2020 due to the lockdown as from March 2020. We are currently undergoing a re-structuring exercise to render its business operations more efficient in the production of plants. The objective is to render the nursery more sustainable in its day-to-day operations.

1.4 Lease of Agricultural Land

SITLH has put on lease two blocks of land of 100 A each at Britannia to small planters at concessionary rates under the Food Security Scheme and 100 Arpents Scheme respectively. The project had been initiated in collaboration with the Ministry of Agro Industry & Food Security to promote local food crop production. The income generated from the rental of land to small planters and rental of billboards amounted to Rs 2.54 M in 2020.

2. Property Management Cluster

The impact of COVID-19 has also affected the activities of SIT Property Development Ltd (SPDL). Due to the lockdown as from March 2020, SPDL could not proceed with a timely finalisation of the deeds of sale for the residential morcellement project for Aurea Bois D'Ebène Phase 2. On the other hand, with the amendment brought to the Landlord and Tenant Act under the COVID-19 (Miscellaneous Provisions) Act 2020, some tenants at The CORE building have opted for a deferment in their rental payments for the period March 2020 to August 2020, which had an effect on the overall turnover of SPDL. The revenue in terms of sale of land significantly dropped from Rs 62.5 M in 2019 to Rs 3.76 M in 2020. As regards the rental of office spaces at The CORE building,

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

FINANCIAL PERFORMANCE OF SIT GROUP (CONTINUED)

2. Property Management Cluster (Continued)

SPDL generated an income of Rs 47.7 M. The overall turnover of SPDL declined from Rs 109 M in 2019 to Rs 51 M in 2020 and SPDL made a net loss of Rs 86.8 M for the year under review. The financial performance of SPDL is expected to be positive following the successful Land Expo conducted by the company in November 2020.

Management is working on flexible marketing strategies to ensure 100% tenancy occupation at The CORE building and the Business Centre. We are confident that the market for property development will pick up again for the Group with the strategies implemented at Management level to position our offices available for rent as one stop shop to help you conduct your business operations with peace of mind.

3. Leisure Cluster: Splash n Fun Leisure Park

The water-themed attraction park wholly owned by our subsidiary SIT Leisure Limited (SITL), Splash n Fun Leisure Park, made its re-opening in October 2019 after 6 years under a new trade name – Splash n Fun Leisure Park (The "Park"). The Park was performing well at all fronts but with the COVID-19 pandemic, the Park had to face two temporary closures due to sanitary measures imposed by the Government. Management had to cater for all essential expenses such as salaries of staff, maintenance of all equipment, emptying, cleaning and refilling of all pools, and thereafter maintaining the chemical levels to the required norms. Management had also implemented a cost reduction strategy and outsourced services were halted such as landscaping services and cleaning services. We had to seek the support from authorities in the form of Wage Assistance Scheme to cater up around 80% of salaries.

For the financial year ended 30 June 2020, SITL made a turnover of Rs 47.6 M, taking into consideration that activities started in mid-October 2019 and stopped in mid-March 2020 due to the COVID-19 pandemic.

Our vision for Splash n Fun Leisure Park is to make it more sustainable in the long run as we intend to develop new projects at Splash n Fun Leisure Park to position the Park as one of the leading leisure parks in the region.

Acknowledgement

I seize the opportunity to thank all the Board members for their unflinching support, guidance and advices. I would also like to convey my sincere appreciation to all the employees of the SIT Group for their continuing motivation and dedication, and I am sure the SIT Group will meet the expectations of its shareholders, noteholders and other stakeholders.

We are confident that as a team we can uplift the challenges by focusing on our core values which are: **Teamwork, Passion, Commitment, Customer Focus, Diligence, Dedication. Attentiveness, Integrity and Professionalism**.

Dineshrao Babajee
Chief Executive Officer

STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020

The directors have the pleasure in submitting the annual report and corporate governance report of Sugar Investment Trust (the "Company") and its subsidiaries (the "Group") together with the audited consolidated and separate financial statements for the year ended 30 June 2020.

1 PRINCIPAL ACTIVITIES

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

2 DIRECTORS

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

THE COMPANY

Name of director	Date of appointment	Date of resignation
Mr. Preetam Boodhun (Chairperson)	25-Nov-15	-
Mr. Harryduth Ramnarain	20-Jul-20	-
Mr. Sobeersen Sanmukhiya	25-Nov-15	-
Mr. Heymant Rao Anand Sonoo	12-Nov-18	-
Mr. Daramdev Jhunput	12-Nov-18	-
Mr. Gilbert Bernadin Legrand	12-Nov-18	-
Mr. Feroze Peerboccus	25-Nov-15	-
Mr. Bojrazsingh Boyramboli	10-Mar-20	15-Oct-20
Mrs. Chandanee Jhowry	29-Jan-19	15-Jan-20
Mrs. Indira Rugjee	15-Jan-20	10-Mar-20
Mr. Uttam Junkeesaw	25-Nov-15	20-Jul-20
Mr. Krishna Kistnen	12-Nov-18	30-Nov-19

SUBSIDIARIES
SIT Leisure Limited

Name of director	Date of appointment	Date of resignation
Mr. Preetam Boodhun (Chairperson)	25-Nov-15	-
Mr. Feroze Peerboccus	25-Mar-16	-
Mr. Harryduth Ramnarain	31-Jul-20	-
Mr. Sobeersen Sanmukhiya	24-Mar-16	-
Mr. Heymant Rao Anand Sonoo	10-Dec-18	-
Mr. Daramdev Jhunput	10-Dec-18	-
Mr. Gilbert Bernadin Legrand	10-Dec-18	-
Mr. Uttam Junkeesaw	24-Mar-16	31-Jul-20
Mr. Krishna Kistnen	10-Dec-18	30-Nov-19
Mrs. Chandanee Jhowry	29-Jan-19	15-Jan-20
Mrs. Indira Rugjee	15-Jan-20	10-Mar-20
Mr. Bojrazsingh Boyramboli	10-Mar-20	15-Oct-20

STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 DIRECTORS (CONTINUED)

SIT Land Holdings Ltd

Name of director	Date of appointment	Date of resignation
Mr. Gansam Boodram	28-Mar-19	-
Mr. Gessavah Chengan	28-Mar-19	-
Mr. Heymant Rao Anand Sonoo	24-Apr-19	-
Mr. Gilbert Bernadin Legrand	24-Apr-19	-
Mr. Daramdev Jhunput	28-Jun-19	-
Mr. Deepaksing Ramjeet	28-Mar-19	-
Mr. Poonith Mungrooa	5-Apr-19	-
Mr Harryduth Ramnarain	30-Sep-20	-
Mr Preetam Boodhun	15-Oct-20	-
Mr. Krishna Kistnen	14-May-19	30-Nov-19
Mr. Uttam Junkeesaw	24-Apr-19	23-Jul-20
Mr. Bojrazsingh Boyramboli (Chairperson)	23-Jul-20	15-Oct-20
Mr. Preetam Boodhun	9-Dec-19	30-Sep-20

SIT Property Development Ltd

Name of director	Date of appointment	Date of resignation
Mr. Sobeersen Sanmukhiya (Chairperson)	1-Aug-13	-
Mr. Gansam Boodram	28-Mar-19	-
Mr Heymant Rao Anand Sonoo	10-Dec-18	-
Mr Feroze Peerboccus	10-Dec-18	-
Mr Dharamdev Jhunput	24-Apr-19	-
Mr Harryduth Ramnarain	15-Oct-20	-
Mr. Deepaksing Ramjeet	30-Apr-19	-
Mr. Gessavah Chengan	30-Apr-19	-
Mr. Poonith Mungrooa	4-May-19	-
Mrs. Indira Rugjee	15-Jan-20	10-Mar-20
Mr. Bojrazsingh Boyramboli	10-Mar-20	15-Oct-20
Mrs. Chandanee Jhowry	24-Apr-19	15-Jan-20

SIT Corporate and Secretarial Services Ltd

Name of director	Date of appointment	Date of resignation
Mr. Feroze Peerboccus	2-Dec-16	-
Mr. Sobeersen Sanmukhiya	2-Dec-16	-
Mr. Mahendra Kumar Ramroop	26-Feb-18	-
Mr. Uttam Junkeesaw	2-Dec-16	31-Jul-20
Mr. Chittaman Jugroo	2-Dec-16	31-Jan-20

SIT Landscape Contracting Services Ltd

Name of director	Date of appointment	Date of resignation
Mr. Sobeersen Sanmukhiya	21-Aug-13	-

STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 DIRECTORS (CONTINUED)

SIT Property Development Consultancy Ltd

Name of director	Date of appointment	Date of resignation
Mr. Preetam Boodhun	25-Nov-15	-

SIT Syndicate Services Ltd

Name of director	Date of appointment	Date of resignation
Mr. Sobeersen Sanmukhiya	23-Mar-16	-
Mr. Dineshrao Babajee	10-Jul-20	-
Mr. Chittaman Jugroo	17-Feb-17	31-Jan-20

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

Name of director	Date of appointment	Date of resignation
Mr. Preetam Boodhun	24-Apr-19	-
Mr. Dineshrao Babajee	10-Jul-20	-
Mr. Chittaman Jugroo	10-Mar-16	31-Jan-20

Waterpark Leisure Ltd

Name of director	Date of appointment	Date of resignation
Mr. Sobeersen Sanmukhiya	12-May-16	-
Mr. Feroze Peerboccus	12-May-16	-

3 DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received, or due and receivable from the Company and its subsidiaries are as follows:

	2020 Rs'000	2019 Rs'000
SUGAR INVESTMENT TRUST 8 Non-Executive Directors (2019: 9)	1,074	1,403
SIT Leisure Limited 8 Non-Executive Directors (2019: 9)	912	870
SIT Land Holdings Ltd 9 Non-Executive Directors (2019: 9)	1,021	934
SIT Property Development Ltd 9 Non-Executive Directors (2019: 9)	969	938

STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

4 DONATIONS

The Company and its subsidiaries did not make any donations during the year (2019: Nil).

6 AUDITORS' REMUNERATION

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Audit services	1,031	792	249	265
Tax compliance services	124	118	26	25
Other services	-	100	-	-
	1,155	1,010	275	290

Approved and authorised by the Board of Directors on 26 May 2021 and signed on its behalf by:

Director

Director

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020

1 GOVERNANCE STRUCTURE

1.1 Commitment to Good Practice

Sugar Investment Trust (hereinafter referred to as SIT) is a body corporate established under the Sugar Industry Efficiency Act (SIE Act) and operates as a public company under the Companies Act 2001. SIT and its subsidiaries (hereinafter referred to as the SIT Group) fall under the definition of a public interest entity as provided under the First Schedule of the Financial Reporting Act 2004. The National Code of Corporate Governance for Mauritius 2016 (the New Code) provides that all public interest entities must explain how they applied the principles of the code. The Board of SIT is aware of its legal duties and assumes responsibility for leading and controlling the Company and meeting all legal and regulatory requirements.

The Board considers that the SIT Group has complied in all material respects with the provisions of the New Code for the reporting year ended 30 June 2020, except as specifically stated in this Corporate Governance Report. Explanations have been given in this report of any departure from the practical recommendations of the New Code.

1.2 Board Charter

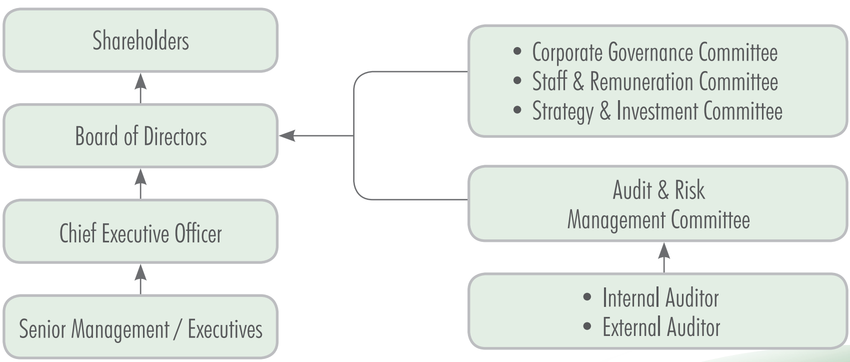
The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Company has started working on a Board Charter in line with the recommendations of the National Code of Corporate Governance 2016.

1.3 Code of Ethics

The SIT Group is committed to the highest standards of integrity and ethical conduct in dealing with all its shareholders. Staff at all levels drew up the Company's code of ethics which reflects the Company's diversity and unique culture. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics. Management has prepared a Code of Ethics which will soon be submitted to the Board.

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

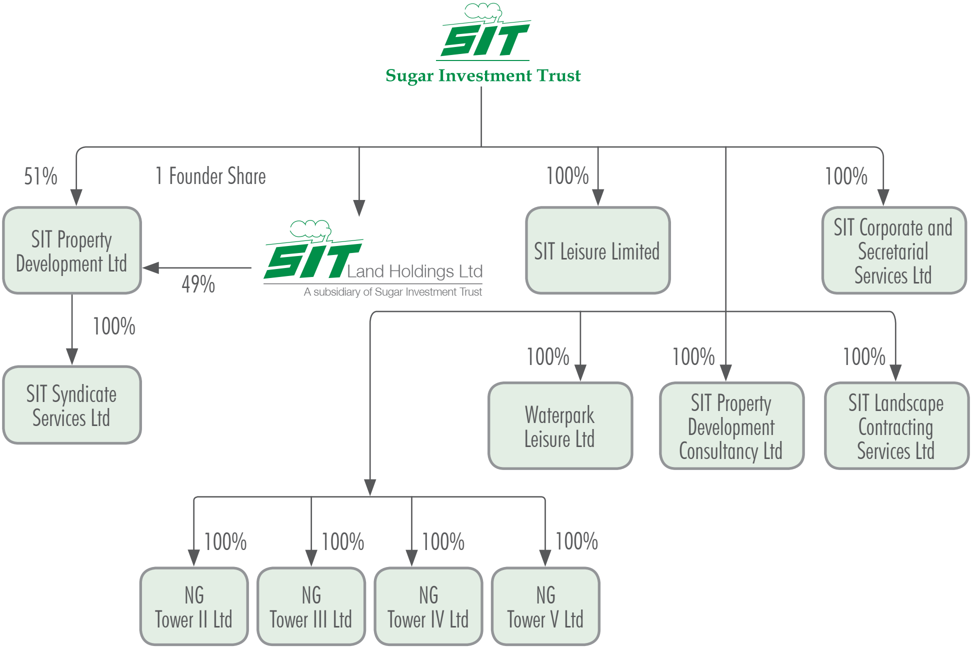
The Board has approved the appropriate job descriptions of key senior governance positions, an organisational chart and a statement of accountabilities.



CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

1 GOVERNANCE STRUCTURE (CONTINUED)

1.5 Holding Structure



2 THE STRUCTURE OF BOARD AND ITS COMMITTEES

2.1 Board Structure

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

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

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

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.1 Board Structure (Continued)

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

No.	Name of Director	Date of Appointment	Date of Cessation	Capacity
1	Mr. Preetam Boodhun (Chairperson)	25 November 2015	-	Non-Executive Director
2	Mr. Bojrazsingh Boyramboli	10 March 2020	15-Oct-20	Non-Executive Director
3	Mr. Harryduth Ramnarain	20 July 2020	-	Non-Executive Director
4	Mr. Sobeersen Sanmukhiya	25 November 2015	-	Non-Executive Director
5	Mr. Heymant Rao Anand Sonoo	12 November 2018	-	Non-Executive Director
6	Mr Daramdev Jhunput	12 November 2018	-	Non-Executive Director
7	Mr. Gilbert Bernadin Legrand	12 November 2018	-	Non-Executive Director
8	Mr. Feroze Peerboccus	25 November 2015	-	Non-Executive Director
9	Mrs. Chandanee Jhowry	29 January 2019	15 January 2020	Non-Executive Director
10	Mrs. Indira Rugjee	15 January 2020	10 March 2020	Non-Executive Director
11	Mr. Uttam Junkeesaw	25 November 2015	20 July 2020	Non-Executive Director
12	Mr. Krishna Kistnen*	12 November 2018	30 November 2019	Non-Executive Director

* Mr. Krishna Kistnen passed away on 30 November 2019.

SIT Corporate and Secretarial Services Ltd is the Company Secretary to the Board of Sugar Investment Trust.

The role of the Company secretary is to:

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

2.2 Role of 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;

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.2 Role of Board (Continued)

- ensuring timely communication with shareholders and other stakeholders;
- any conflict or potential conflict of interest occur, it would be the duty of any director of SIT to make a full and timely disclosure to the Board; and
- to manage any conflict or potential conflict of interest that might arise regarding transactions between the Company and its management, Directors and Shareholders.

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 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 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.5 Profile of Directors

Mr. Preetam Boodhun is a non-executive Chairperson of the Company and is one of the 3 persons appointed by the Minister of Agro Industry & Food Security under section 5(2)(f) of the SIE Act. He was first appointed as director in November 2015 and was reappointed for a further period of 3 years in January 2019. Mr. Boodhun holds a Diploma in Mathematics from the Mauritius Institute of Education and currently works as Educator at Keats College. He is also a non-executive director at Omnicane Ltd since 2016.

Mr. Harryduth Ramnarain is appointed as non-executive director of SIT since 20 July 2020. He currently works as Acting Principal Inspector of Associations – Ministry of Labour, Human Resource Development and Training.

Mr. Sobeersen Sanmukhiya is a non-executive director and representative of sugarcane planters cultivating less than 5 hectares of land. He was first elected as director in November 2015 pursuant to section 5(2)(a) of the SIE Act and was re-elected in November 2018 for a term of 3 years. He holds an LLB degree and has followed a legal course conducted by the Legal and Vocational Education under the aegis of the Supreme Court of Mauritius. Mr. Sanmukhiya is a self-employed businessman and has ample experience as planter and other service provider in the sugar industry.

Mr. Heymant Rao Anand Sonoo is a non-executive director and representative of sugarcane planters cultivating more than 5 hectares of land. He was elected as director in November 2018 pursuant to section 5(2)(b) of the SIE Act. He is holder of a BSc in Agriculture and has over 25 years of experience in the sugar industry. Mr. Sonoo is presently the Chairperson of Mauritius Sugar Syndicate, member of MCIA Advisory Council and director of Sonoo Estates Ltd.

Mr. Daramdev Jhunput is a non-executive director and representative of agricultural workers of the sugar industry. He was elected as director in November 2018 by virtue of section 5(2)(c) of the SIE Act for a term of 3 years. He has over 40 years of working experience at the Medine Sugar Estate and is now retired. Mr. Jhunput has previously served as elected member of the Bambous Village Council twice.

Mr. Gilbert Bernadin Legrand is a non-executive director and representative of non-agricultural workers of the sugar industry. He was elected as director in November 2018 by virtue of section 5(2)(d) of the SIE Act for a term of 3 years. He has over 25 years of working experience at the Deep River Beau Champ Sugar Milling Co. Ltd and 4 years of working experience at Consolidated Energy Ltd. Mr. Legrand is presently self-employed.

Mr. Feroze Peerboccus is a non-executive director and representative staff of the sugar industry. He was first elected in November 2015 by virtue of section 5(2)(e) of the SIE Act and was re-elected in November 2018 for a term of 3 years. He holds a Diploma in Occupational Health and Safety from the University of Mauritius. Mr. Peerboccus was a Labour Officer at the Ministry of Labour and Industrial Relations. He joined the sugar industry afterwards and served as Labour Advisor at Compagnie Usinière de Mon Loisir Ltée and Alteo Limited. He is now retired.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.6 Common directors within the group as at the date of reporting

NAME OF DIRECTOR	SUGAR INVESTMENT TRUST	SIT LEISURE LIMITED	SIT LAND HOLDINGS LTD	SIT PROPERTY DEVELOPMENT LTD	SIT CORPORATE AND SECRETARIAL SERVICES LTD	WATERPARK LEISURE LTD	NG TOWER II LTD	NG TOWER III LTD	NG TOWER IV LTD	NG TOWER V LTD	SIT PROPERTY DEVELOPMENT AND CONSULTANCY LTD	SIT LANDSCAPE CONTRACTING SERVICES LTD	SIT SYNDICATE SERVICES LTD
Mr. Preetam Boodhun	✓	✓	✓				✓	✓	✓	✓	✓		
Mr. Harryduth Ramnarain	✓	✓	✓	✓									
Mr. Sobeersen Sanmukhiya	✓	✓		✓	✓	✓						✓	✓
Mr. Heymant Rao Anand Sonoo	✓	✓	✓	✓									
Mr. Daramdev Jhunput	✓	✓	✓	✓									
Mr. Gilbert Bernadin Legrand	✓	✓	✓										
Mr. Feroze Peerboccus	✓	✓		✓	✓	✓							
Mr. Gansam Boodram			✓	✓									
Mr. Deepaksing Ramjeet			✓	✓									
Mr. Gessavah Chengan			✓	✓									
Mr. Poonith Mungrooa			✓	✓									
Mr. Dineshrao Babajee							✓	✓	✓	✓			✓
Mr. Mahendra Kumar Ramroop					✓								

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.7 Board Attendance

The attendance for the SIT Board and subsidiaries as at 30 June 2020 is as follows:

No	Name of board member	Sugar Investment Trust	SIT Leisure Limited	SIT Land Holdings Ltd	SIT Property Development Ltd
1	Mr. Preetam Boodhun	7/7	6/6	6/6	-
2	Mrs. Chandanee Jhowry	3/5	4/5	-	1/3
3	Mr. Uttam Junkeesaw	5/7	6/6	13/13	-
4	Mr. Krishna Kistnen	4/4	6/6	7/7	-
5	Mr. Sobeersen Sanmukhiya	7/7	6/6	-	4/4
6	Mr. Heymant Rao Anand Sonoo	4/7	5/6	10/13	2/4
7	Mr. Daramdev Jhunput	7/7	6/6	13/13	3/4
8	Mr. Gilbert Bernadin Legrand	7/7	6/6	13/13	-
9	Mr. Feroze Peerboccus	4/7	5/6	-	3/4
10	Mrs Indira Rugjee	1/1	1/1	-	-
11	Mr Bojrazsingh Boyramboli	1/1	-	-	0/1
12	Mr. Gansam Boodram	-	-	13/13	4/4
13	Mr. Deepaksing Ramjeet	-	-	12/13	4/4
14	Mr. Gessavah Chengan	-	-	10/13	4/4
15	Mr. Poonith Mungrooa	-	-	13/13	4/4

2.8 Directors holding office on investee companies

The directors holding office on the Boards of investee companies as at the date of reporting are as follows:

Investee Companies	SIT Representatives
Alteo Energy Ltd	Mr. Heymant Rao Anand Sonoo
	Mr. Gilbert Bernadin Legrand
Omincane Holdings Limited	Mr. Sobeersen Sanmukhiya
	Mr. Gilbert Bernadin Legrand
Omnicane Ltd	Mr. Preetam Boodhun
	Mr. Dineshrao Babajee
Omnicane (Management & Consultancy) Ltd	Mr. Preetam Boodhun
	Mr. Daramdev Jhunput
Omnicane Milling Operations Ltd	Mr. Daramdev Jhunput

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.8 Directors holding office on investee companies (Continued)

Investee Companies	SIT Representatives
Omnicane Thermal Energy Operations (La Baraque) Limited	Mr. Heymant Rao Anand Sonoo
Omnicane Thermal Energy Operations (St Aubin) Limited	Mr. Heymant Rao Anand Sonoo
Sugarworld Limited	Mr. Gilbert Bernadin Legrand
Terragen Ltd	Mr. Feroze Peerboccus
Eole Plaine des Roches Ltée	Mr. Dineshrao Babajee Mr. Mahendra Kumar Ramroop
Synnove Energy Ltd	Mr. Sobeersen Sanmukhiya
Synnove Solar (Mauritius) One Ltd	Mr. Sobeersen Sanmukhiya Mr. Dineshrao Babajee

2.9 Planters and employees representing SIT on Board of directors of milling companies

As at 30 June 2020, the following persons represented SIT on the Boards of milling companies:

Sugar Miling Companies	**Planters' representative**	**Employees' representatives**
Terra Milling Ltd and Compagnie Usinière de Mon Loisir Limitée	Mr. Gajandranath Mutty	Mr. Vidyanand Jeetooa
Alteo Milling Ltd, Deep River Beau Champ Milling Company Ltd and Mon Desert Alma Sugar Milling Co Ltd	Mr. Suttea Buruthsing Bissessur	Mr. Danraj Ram
Medine Sugar Milling Company Ltd	Mr. Douvendra Seesurun	Mr. Jacques Tristan Gerard Mootoosamy
Omnicane Milling Holdings (Mon Tresor) Limited, Omnicane Milling Holdings (Britannia-Highlands) Limited, Compagnie Sucrière de Riche en Eau Limitée and Union St Aubin Milling Company Limited.	Mr. Soobas Muniah	Mr. Danirajsing Purseed

2.10 Directors' interest

The interest of directors holding office as at 30 June 2020 is as follows:

Name of director	The Company - SIT Number of Ordinary Shares		Subsidiary - SITLH Number of Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Mr. Preetam Boodhun	Nil	Nil	Nil	Nil
Mr. Bojrazsingh Boyramboli	Nil	Nil	Nil	Nil
Mrs. Chandanee Jhowry	Nil	Nil	Nil	Nil
Mr. Uttam Junkeesaw	Nil	Nil	Nil	15,000
Mr. Krishna Kistnen	4,000	Nil	15,000	Nil
Mr. Sobeersen Sanmukhiya	234,500	95,600	102,000	826,500
Mr. Heymant Rao Anand Sonoo	100,000	150,000	30,000	120,000
Mr. Daramdev Jhunput	5,000	Nil	Nil	Nil
Mr. Gilbert Bernadin Legrand	4,000	Nil	Nil	Nil
Mr. Feroze Peerboccus	81,000	Nil	45,000	15,000
Mr. Gansam Boodram	26,500	25,500	15,000	Nil
Mr. Deepaksing Ramjeet	10,500	14,000	5,000	10,000
Mr. Poonith Mungrooa	15,500	Nil	15,000	Nil
Mr. Gessavah Chengan	13,400	4,400	60,000	Nil

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.11 Directors dealings

There were no directors' dealings during the year.

2.12 Committees

The Board is assisted in fulfilling its responsibilities by committees, namely the Corporate Governance Committee, Audit & Risk Management Committee, Strategy & Investment 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 members of the Corporate Governance Committee are as follows:

No	Name of members
1	Mrs. Divanandum Packiry P Chinien
2	Mr. Soobeersen Sanmukhiya
3	Mr. Heymant Rao Anand Sonoo
4	Mr. Daramdev Jhunput
5	Mr. Gilbert Bernadin Legrand

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

b) Audit & Risk Management Committee

The Audit & Risk Management 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	Name of members	Attendance
1	Mr. Gunesh Beegadhur	5/5
2	Mr. Gilbert Bernadin Legrand	5/5
3	Mr. Satian Rao Deojee	4/5
4	Mr. Omeshsing Banee	0/5

c) Strategy & Investment Committee

The Committee consists of 4 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.

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.12 Committees (Continued)

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

No	Members	Attendance
1	Mr. Preetam Boodhun	1/1
2	Mr. Sobeersen Sanmukhiya	1/1
3	Mr. Feroze Peerboccus	1/1
4	Mr. Gansam Boodram	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 well-being.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.12 Committees (Continued)

The committee members and attendance for the year ended 30 June 2020 are as follows:

No	Members	Attendance
1	Mr. Feroze Peerboccus (Chairperson)	3/4
2	Mr. Uttam Junkeesaw	3/4
3	Mr. Sobeersen Sanmukhiya	3/4
4	Mr. Krishna Kistnen	3/4
5	Mr. Daramdev Jhunput	4/4

2.13 Senior Management

(a) Profile of Senior Management

Dineshrao BABAJEE – Chief Executive Officer

Mr Babajee joined SIT in July 2020. Prior to joining the SIT Group, Mr. Babajee was the General Manager of Rose Belle Sugar Estate for 4 years and Chairman of the Employees Welfare Fund from April 2015 to June 2020. He has 20 years of experience in Marketing and Management. Mr Babajee is a holder of an MBA in Business Administration and a BSc (Hons) in Agriculture with Specialisation in Agricultural Engineering.

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.

Veekash HOSANEE – Group Projects and Development Manager

Mr Hosanee joined SIT in December 2019. Mr Hosanee holds a BTech (Hons) in Civil Engineering, an MSc in Project Management and an MBA with specialisation in Property Development. He is also a Registered Professional Engineer and a PMP certified Project Manager. Prior to joining SIT, Mr Hosanee held various post of responsibilities in various organisations and has been actively involved in various major projects around the island like High Rise Building, Hotels, Villas, Golf Estate Infrastructural Works and Marine works.

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.

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.13 Senior Management (Continued)

Kamal NUNDLOLL - Head of Operations, Splash N Fun Leisure Park

Mr Nundloll joined the SIT Group in January 2020 and is responsible for the management and operation activities of the Splash N Fun Leisure Park. Prior to joining, Mr Nundloll has spent over 30 years in different positions and services working in hotels, the last one as General Manager of a four-star hotel and has wide experience in hospitality managing hotels, non-clinical services in a modern hospital and as a training officer at the Hotel School of Mauritius.

Mr Nundloll is a holder of an MBA with specialisation in Tourism Management. He also holds a Diploma in Hotel Management with in-service training in Kenya and Germany as well as a Diploma in Quality Management and a Diploma in Sales, Marketing & Communication.

Chitlall (Dhiraj) CHINTARAM – Internal Auditor

Mr Chintaram joined the SIT Group in January 2020. He has over 20 years of working experience in Auditing and Finance and prior to joining the SIT Group, Mr Chintaram has worked for 17 years at Harel Mallac & Co. Ltd as Group Internal Auditor. He is a Fellow Member of The Association of Chartered Certified Accountants, UK; the member of the Mauritius Institute of Professional Accountants and a Certified Internal Auditor from the Institute of Internal Auditors, USA. Mr. Chintaram is also a holder of an MBA with specialisation in Financial Management.

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.

Jhullika PERSUN-GAJUDHUR - Corporate Secretary

Mrs Persun-Gajudhur joined the SIT Group as Corporate Secretary, in October 2020. She holds a B.A (Hons) Law and Management from the University of Mauritius. She is also a qualified Chartered Secretary of the Insititute of Chartered Secretaries and Administrations (ICSA, UK). She has over ten (10) years of experience in the financial services sector. Before joining the SIT Group, she has been the Head of Corporate Services at AAMIL (Mauritius) Ltd and served as both Director and Company Secretary to the different boards of the AAMIL Group.

Bhisham RAMKELAWON - Team leader Corporate Affairs Brand Management and Marketing

Mr Ramkelawon joined SIT in June 2018. He has 8 years of working experience in the Banking & Finance Sector in the field of Marketing, Strategic Planning, Communication, Brand Management and Corporate Social Responsibility. Mr. Ramkelawon is a holder of an MBA Marketing Management and MSC International Business Management.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

2.13 Senior Management (Continued)

(b) Senior Management Interests

Senior management holding shares in the Company as at 30 June 2020 is shown below:

Name	The Company - SIT Number of Ordinary Shares		Subsidiary - SITLH Number of Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Mr Dineshrao Babajee	Nil	Nil	Nil	Nil
Mr Mahendra Kumar Ramroop	Nil	Nil	Nil	Nil
Mr Veekash Hosanee	Nil	Nil	Nil	Nil
Mr Dayanand (Rakesh) Koobrawa	5,000	Nil	15,000	Nil
Mr Kamal Nundloll	Nil	Nil	30,000	Nil
Mr Chitlall (Dhiraj) Chintaram	Nil	Nil	Nil	Nil
Mrs Ranjeeta Deerpaul	Nil	Nil	Nil	Nil
Mrs Jhullika Persun-Gajudhur	Nil	Nil	Nil	Nil
Mr Bhisham Ramkelawon	Nil	Nil	Nil	Nil

3 ELECTION AND RE-ELECTION

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

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

The last election of directors was held on 12 November 2018 after the reconstitution of Assembly of Delegates. No director is eligible to hold in office for more than two successive terms.

In line with the recommendations of the New Code of Corporate Governance 2016, the Board assumes 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. A code of conduct is currently being drafted to provide guidance to directors and help them recognise and deal with ethical issues as well as to help foster a culture of honesty and accountability and mechanisms to report unethical conduct. 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 is determined whilst having due regard to the market and industry conditions, as well as the interest of the shareholders. During the year under review, the Board has not reviewed the adequacy of directors' and senior executives' remuneration and the form of that remuneration.

The Board Members are entitled to a fixed monthly remuneration and a travelling allowance. The Committee Members are entitled to a fixed remuneration per sitting. There is no variable remuneration policy for the directors within the SIT Group.

For the year under review, the non-executive directors have not received remuneration in the form of share options or bonuses associated with the Group's performance. Monthly fees payable to the Chairperson and directors of Sugar Investment Trust and its subsidiaries as at 30 June 2020 are summarised as follows:

Capacity	Sugar Investment Trust	SIT Leisure Limited	SIT Land Holdings Ltd	SIT Property Development Ltd
Chairpersons	Rs 24,000	Rs 16,000	Rs 16,000	Rs 16,000
Directors	Rs 8,000	Rs 8,000	Rs 8,000	Rs 8,000

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

In line with the recommendations of the Code of Corporate Governance, the names of the Directors of the Company holding office as at 30 June 2020 and their respective earnings in terms of remunerations and other benefits are disclosed in the table hereunder:

No.	Name	The Company (Rs)	Subsidiaries & Committees (Rs)	Total (Rs)
1	Mr Preetam Boodhun	291,000	254,500	545,500
2	Mr Sobeersen Sanmukhiya	99,500	311,000	410,500
3	Mr Feroze Peerboccus	98,000	216,500	314,500
4	Mr Uttam Junkeesaw	98,000	213,000	311,000
5	Mr Gilbert Bernadin Legrand	99,000	215,000	314,000
6	Mr Daramdev Jhunput	99,000	313,000	412,000
7	Mr Heymant Rao Anand Sonoo	98,500	294,000	392,500
8	Mr Bojrazsingh Boyramboli	36,914	68,414	105,328
9	Mr Krishna Kistnen	42,000	100,500	142,500
10	Mrs Indira Rugjee	10,521	17,236	27,757
11	Mrs Chandanee Jhowry	51,565	102,936	154,501
12	Mr Gansam Boodram	-	299,500	299,500
13	Mr Deepacksing Ramjeet	-	200,000	200,000
14	Mr Poonith Mungrooa	-	201,000	201,000
15	Mr Gessavah Chengan	-	200,000	200,000
16	Mr Satian Rao Deojee	-	12,500	12,500
17	Mr Gunesh Beegadhur	-	25,000	25,000

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

4 DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

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

The Chairperson ensures that all Board Members receive 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, the Audit & Risk Management Committee looks after the risk management issues of 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 cover 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 last financial year, the internal control systems of the agricultural activities for the subsidiary SIT Land Holdings Ltd (SITLH) were enhanced to improve the effectiveness of the organisation, which proved to be fruitful as the expenditures were significantly reduced. The same internal control systems were in place for the harvest season 2019. All areas of the operational activities were covered and no known risks or deficiencies in the organisation's system were noted during the year under review.

5.2 Identification of key risk managements

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

(ii) Shareholders' Data Protection Risk

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

5 RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

5.2 Identification of key risk managements (Continued)

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 SIT and also have to ensure that such accounts adhere to IFRS, IAS and the Companies Act 2001.

6.1 Charitable donations

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

	2020 Rs'000	2019 Rs'000
The Company	-	-
The Subsidiaries	-	-

6.2 Political donations

The Company, in line with its policy, did not make any political donation during the year under review (2019: 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 switch off automatically and thus lowers consumption of electricity.
- The Company is also via its subsidiary 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.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

6 REPORTING WITH INTEGRITY (CONTINUED)

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 counsel regarding the activities examined and other significant issues.

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

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

In carrying out the duties and responsibilities, the 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 and Risk Management 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.

7 AUDIT (CONTINUED)

A new Internal Auditor has been recruited during the year and disclosed on the Company's website. The Internal auditor regularly reported to the Audit and Risk Management Committee and it was usually at least four times during a year.

The Audit & Risk Management Committee has met with the external auditor once during the year and 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 an External Auditor at the Annual General Meeting held in March 2018.

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 Meeting of Shareholders (AMS), to which all shareholders are invited. Any queries raised by shareholders at the AMS are responded either during the meeting or they may be requested to call at the registered office of the company to have the requested information.

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

Shareholders	No. of shares	Percentage Holdings (%)
The National Pensions Fund	41,263,241	10.58
MCB Equity Fund Ltd	25,992,500	6.67
Government of Mauritius	25,464,426	6.53

8.2 Dividend Policy

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

The Group

Year	Dividend Cover (Times)	Dividend Yield (%)
2019	-	7%
2018	4.25	7%
2017	5.00	5.5%
2016	11.00	-
2015	-	-

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

8 RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

8.2 Dividend Policy (Continued)

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

The Company

Year	Dividend Cover (Times)	Dividend Yield (%)
2019	2.25	4%
2018	8.50	4%
2017	5.25	3%
2016	-	-
2015	-	-

8.3 Annual Meeting of Shareholders

The next annual meeting of shareholders will be conducted in 2021 and notice of annual meeting and other shareholder meetings and related papers will be sent to the shareholders at least 14 days before the meeting in accordance with the Company's Rules.

8.4 Related Party Transactions

Please refer to Note 36 of the Financial Statements.

8.5 Important Events

Reporting

Publication of Unaudited Abridged Interim Financial Statements for Quarter ending September 30, 2020	30 November 2020
Publication of Unaudited Abridged Interim Financial Statements for Half year ending December 31, 2020	15 March 2021
Publication of Unaudited Abridged Interim Financial Statements for nine months ending March 31, 2021	15 May 2021
Publication of Audited Financial Statements for year ending June 30, 2021	30 September 2021

8.6 Employee Share-Option Plan

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

8.7 Material clauses of the constitution

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

9 SHAREHOLDERS' AGREEMENT

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

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

10 MANAGEMENT AGREEMENT

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

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

Director **Director**

Date: 26 May 2021

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity : Sugar Investment Trust

Reporting Period : 01 July 2019 to 30 June 2020

We, the Directors of **Sugar Investment Trust (SIT)**, confirm to the best of our knowledge, that throughout the year ended 30 June 2020, 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 is developing one for 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 Sugar Industry Efficiency Act 2001 and the SIT Rules.

- 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 SIT Rules.

Principle 3 – Director Appointment Procedures

- Induction and Orientation Process

During the year, the directors attended a two days training / workshop aimed at promoting integrity in procurement. The trainings were conducted by the Independent Commission Against Corruption (ICAC).

- 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.

STATEMENT OF COMPLIANCE (CONTINUED)

(Section 75(3) of the Financial Reporting Act 2004)

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 implement one soon.

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 Director

Date: 26 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30 June 2020

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

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

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

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

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

Approved by the Board of Directors on 26 May 2021 and signed on its behalf by:

.... Director

.... Director

SECRETARY'S CERTIFICATE

for the year ended 30 June 2020

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.

....

Mrs Jhullika Persun

FOR SIT CORPORATE AND SECRETARIAL SERVICES LTD
Company Secretary

Date: 12 July 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUGAR INVESTMENT TRUST

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of SUGAR INVESTMENT TRUST ("the Group and the Company"), which comprise the consolidated and separate statements of financial position as at 30 June 2020 and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 43 to 112.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of SUGAR INVESTMENT TRUST as at 30 June 2020 and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Group incurred a net loss of Rs 128,243,000 for the year ended 30 June 2020. As stated in Note 2.1, these events or conditions along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independence

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

Other information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, the Statement of Compliance, Commentary of Directors and the Secretary's Certificate as required by the Mauritius Companies Act 2001 which we have obtained prior to date of the audit report. Other information does not include the financial statements and our auditor's report thereon.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other information (Continued)

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.

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance (''the Code'') disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

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 MEMBERS OF SUGAR INVESTMENT TRUST

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, 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 MEMBERS OF SUGAR INVESTMENT TRUST

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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.

Other Matter

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

Mazars

Udaysingh Taukoordass, FCA
Licensed by FRC

Date: 12 JUL 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	The Group			The Company		
			Restated	Audited		Restated	Audited
		2020	2019	2019	2020	2019	2019
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets							
Land	4	386,717	386,844	386,844	-	-	-
Property, plant and equipment	5	360,553	275,594	275,594	6,405	1,271	1,271
Intangible assets	6	3,838	180	180	213	180	180
Investment property	7	774,886	794,016	794,016	-	-	-
Investment in subsidiaries	8	-	-	-	167,476	167,476	167,476
Investment in associates	9	2,098,443	2,140,988	2,140,988	322,246	529,423	529,423
Financial assets at fair value through other comprehensive income	10	438,282	579,961	579,961	438,282	579,961	579,961
Other financial asset	35	-	-	-	410,456	314,397	314,397
Development projects costs	11	30,096	29,179	29,179	-	-	-
Deferred expenditure		357	360	360	-	-	-
Total non-current assets		4,093,172	4,207,122	4,207,122	1,345,078	1,592,708	1,592,708
Current assets							
Consumable biological assets	12	8,713	15,190	15,190	-	-	-
Inventories	13	6,202	4,240	4,240	-	-	-
Trade and other receivables	14	184,469	203,142	223,839	1,720,800	1,695,278	1,715,975
Cash and cash equivalents	31(b)	27,874	103,187	103,187	13,150	15,151	15,151
Assets held for sale	15	1,240,053	1,185,881	1,185,881	-	-	-
Current tax assets	28(a)	-	3,095	3,095	-	895	895
Deferred tax assets	19	25,088	11,798	11,798	-	-	-
Total current assets		1,492,399	1,526,533	1,547,230	1,733,950	1,711,324	1,732,021
TOTAL ASSETS		5,585,571	5,733,655	5,754,352	3,079,028	3,304,032	3,324,729
EQUITY AND LIABILITIES							
Equity							
Stated capital	16	389,852	389,852	389,852	389,852	389,852	389,852
Share premium	16	13,931	13,931	13,931	13,931	13,931	13,931
Fair value reserves		1,321,175	1,468,904	1,468,904	(261,055)	93,851	93,851
Retained earnings		1,197,668	1,236,803	1,257,500	1,065,860	1,014,819	1,035,516
Equity attributable to owners of the Company		2,922,626	3,109,490	3,130,187	1,208,588	1,512,453	1,533,150
Non-controlling interests		468,435	588,928	588,928	-	-	-
Total equity		3,391,061	3,698,418	3,719,115	1,208,588	1,512,453	1,533,150
Liabilities							
Non-current liabilities							
Notes	17	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Retirement benefit obligations	18	35,820	31,491	31,491	3,403	2,968	2,968
Borrowings	21	287,810	182,632	182,632	253,448	182,632	182,632
Deferred tax liabilities	19		-	-	350	-	-
Total non-current liabilities		1,523,630	1,414,123	1,414,123	1,457,201	1,385,600	1,385,600
Current liabilities							
Notes	17	300,000	300,000	300,000	300,000	300,000	300,000
Trade and other payables	20	111,582	115,066	115,066	110,065	99,520	99,520
Borrowings	21	5,788	6,459	6,459	2,094	6,459	6,459
Contract liabilities	2.25	252,837	199,589	199,589	-	-	-
Current tax liabilities	28(a)	673	-	-	1,080	-	-
Total current liabilities		670,880	621,114	621,114	413,239	405,979	405,979
Total liabilities		2,194,510	2,035,237	2,035,237	1,870,440	1,791,579	1,791,579
TOTAL EQUITY AND LIABILITIES		5,585,571	5,733,655	5,754,352	3,079,028	3,304,032	3,324,729

Approved by Board of directors on 26 May 2021 and signed on its behalf by

Director

Director

The notes on pages 48 to 112 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	The Group		The Company	
		2020	2019	2020	2019
		Rs'000	Rs'000	Rs'000	Rs'000
Revenue	23	239,761	220,642	82,655	44,028
Cost of sales	24	(131,560)	(123,908)	-	-
Gross profit		108,201	96,734	82,655	44,028
Other income	25	38,386	24,742	8,804	10,896
Administrative expenses	26	(138,492)	(112,842)	(54,486)	(57,282)
Operating profit / (loss)		8,095	8,634	36,973	(2,358)
Finance income		1,931	2,828	136,506	134,644
Finance costs		(106,174)	(93,633)	(104,438)	(93,625)
Net finance (costs) / income	27	(104,243)	(90,805)	32,068	41,019
Share of loss of associates, net of tax		(42,545)	(38,024)	-	-
(Loss) / profit before taxation		(138,693)	(120,195)	69,041	38,661
Tax credit / (charge)	28(b)	10,450	9,244	(2,325)	(2,885)
(Loss) / profit for the year		(128,243)	(110,951)	66,716	35,776
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit liabilities	18	(2,790)	1,103	(81)	(130)
Items that are or may be reclassified subsequently to profit or loss					
Movement in fair value of investments		(147,729)	(50,382)	(354,906)	(447,973)
Other comprehensive loss		(150,519)	(49,279)	(354,987)	(448,103)
Total loss and other comprehensive income for the year		(278,762)	(160,230)	(288,271)	(412,327)
(Loss) / profit attributable to:					
Owner of the Company		(7,750)	(15,723)	66,716	35,776
Non-controlling interest		(120,493)	(95,228)	-	-
		(128,243)	(110,951)	66,716	35,776
Total loss and other comprehensive loss attributable to:					
Owners of the Company		(158,269)	(64,528)	(288,271)	(412,327)
Non-controlling interest		(120,493)	(95,702)	-	-
		(278,762)	(160,230)	(288,271)	(412,327)
Earnings per share (Rs)	29	(0.33)	(0.28)	0.17	0.09

The notes on pages 48 to 112 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Attributable to owners of the Company						
The Group	Stated capital Rs'000	Share premium Rs'000	Fair Value reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
At 01 July 2018							
- As previously stated	389,852	13,931	1,519,286	1,300,715	3,223,784	684,156	3,907,940
- Prior year adjustment (Note 37)	-	-	-	(20,697)	(20,697)	-	(20,697)
Adjusted balance at 01 July 2018	389,852	13,931	1,519,286	1,280,018	3,203,087	684,156	3,887,243
Loss for the year	-	-	-	(15,723)	(15,723)	(95,228)	(110,951)
Other comprehensive (loss)/income for the year	-	-	(50,382)	1,103	(49,279)	-	(49,279)
Total comprehensive loss	-	-	(50,382)	(14,620)	(65,002)	(95,228)	(160,230)
Transactions with owners of the Company Contribution and dividend							
Dividends (Note 30)	-	-	-	(28,595)	(28,595)	-	(28,595)
At 30 June 2019	389,852	13,931	1,468,904	1,236,803	3,109,490	588,928	3,698,418
At 01 July 2019	389,852	13,931	1,468,904	1,236,803	3,109,490	588,928	3,698,418
Adjustment from the adoption of IFRS 16	-	-	-	-	-	-	-
Adjusted balance at 01 July 2019							
Loss for the year	-	-	-	(7,750)	(7,750)	(120,493)	(128,243)
Other comprehensive loss for the year	-	-	(147,729)	(2,790)	(150,519)	-	(150,519)
Total comprehensive loss	-	-	(147,729)	(10,540)	(158,269)	(120,493)	(278,762)
Transactions with owners of the Company Contribution and dividend							
Dividends (Note 30)	-	-	-	(28,595)	(28,595)	-	(28,595)
At 30 June 2020	389,852	13,931	1,321,175	1,197,668	2,922,626	468,435	3,391,061

The notes on pages 48 to 112 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

The Company	Stated capital Rs'000	Share premium Rs'000	Fair Value reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At 01 July 2018					
- As previously stated	389,852	13,931	541,824	1,015,464	1,961,071
- Prior year adjustment (Note 37)	-	-	-	(20,697)	(20,697)
Adjusted balance at 01 July 2018	389,852	13,931	541,824	994,767	1,940,374
Profit for the year	-	-	-	35,776	35,776
Other comprehensive loss for the year	-	-	(447,973)	(130)	(448,103)
Total comprehensive income	-	-	(447,973)	35,646	(412,327)
Transactions with owners of the Company					
Contribution and dividend					
Dividends (Note 30)	-	-	-	(15,594)	(15,594)
At 30 June 2019	389,852	13,931	93,851	1,014,819	1,512,453
At 01 July 2019	389,852	13,931	93,851	1,014,819	1,512,453
Adjustment from the adoption of IFRS 16	-	-	-	-	-
Adjusted balance at 01 July 2019	389,852	13,931	93,851	1,014,819	1,512,453
Profit for the year	-	-	-	66,716	66,716
Other comprehensive income for the year	-	-	(354,906)	(81)	(354,987)
Total comprehensive income	-	-	(354,906)	66,635	(288,271)
Transactions with owners of the Company					
Contribution and dividend					
Dividends (Note 30)	-	-	-	(15,594)	(15,594)
At 30 June 2020	389,852	13,931	(261,055)	1,065,860	1,208,588

The notes on pages 48 to 112 form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	The Group		The Company	
		2020	2019	2020	2019
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	31(a)	114,657	183,160	11,445	38,132
Development project costs	11	(917)	-	-	-
Additions to assets held for sale	15	(56,903)	(33,088)	-	-
Tax paid	28(a)	(813)	(17,030)	-	(15,988)
Refund from MRA	28(a)	2,986	-	-	-
Interest income	27	1,931	2,828	136,506	134,644
Interest expense	27	(106,174)	(93,633)	(104,438)	(93,625)
Net cash (used in)/generated from operating activities		(45,233)	42,237	43,513	63,163
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(75,814)	(267,815)	(370)	(406)
Purchase of intangible assets	6	(4,601)	(96)	(100)	(96)
Other financial assets		-	-	(96,059)	(282,374)
Proceeds from sale of land		7,728	1,905	-	-
Proceeds from share buy back	10	5,700	-	5,700	-
Additions to investment property	7	(203)	(1,700)	-	-
Net cash used in investing activities		(67,190)	(267,706)	(90,829)	(282,876)
Cash flows from financing activities					
Dividend paid to Company's shareholders		(28,595)	(28,595)	(15,594)	(15,594)
Lease repayments		(711)	-	-	-
Bank loans		67,368	182,632	67,368	182,632
Net cash generated from financing activities		38,062	154,037	51,774	167,038
Net (decrease) / increase in cash and cash equivalents		(74,361)	(71,432)	4,458	(52,675)
Cash and cash equivalents at 01 July,		96,728	168,160	8,692	61,367
Cash and cash equivalents at 30 June,	31(b)	22,367	96,728	13,150	8,692

The notes on pages 48 to 112 form an integral part of the financial statements.

1 GENERAL INFORMATION

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

The consolidated and separate financial statements as at 30 June 2020 comprise the Company and its subsidiaries (collectively referred as the "Group") and the Group's interest in associate.

The Group is primarily involved in:

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of the financial statements are set out below:

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Sugar Investment Trust and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act.

The financial statements include the consolidated financial statement of the parent company and its subsidiary companies (the "Group") and the separate financial statements of the parent company (the "Company"). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

The financial statements are prepared under the historical cost convention, except that:

- available for sale investments are stated at fair values;
- consumables biological assets are stated at fair values; and
- relevant financial assets and financial liabilities are stated at fair values or at amortised costs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Going concern

During the year ended 30 June 2020, the Group incurred a loss of Rs. 128m. At 30 June 2020, the Company's current liabilities include a note of Rs. 300m payable within the next twelve months (Note 17).

The directors have prepared projected cash flows information for a period ending 12 months from the date of approval of financial statements on the basis that of a timely cash realisation of the assets held for resale held by SIT Land Holdings Limited and the successful outcome of the negotiation for a bridging loan by management to meet any cash shortfall upon the above loan note repayment. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

2.2 Standards, Amendments to published Standards and Interpretation Effective in the reporting period

IFRS 16 - Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a lease", SIC 15 "Operating leases - Incentive" and SIC 27 "Evaluating the substance of Transactions Inclusing the legal form of a lease").

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial recognition, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 14 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 01 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance lease, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Standards, Amendments to published Standards and Interpretation Effective in the reporting period (Continued)

On transition of IFRS 16, the weighted average incremental borrowings rate applied to lease liabilities recognised under IFRS 16 was 5.25%.

The following table is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 01 July 2019:

	The Group	The Company
	Rs'000	Rs'000
Operating lease liabilities before discounting	95,711	9,433
Discounting using incremental borrowing rate	(57,016)	(578)
Total lease liabilities recognised under IFRS 16 at 01 July 2019	38,695	8,855

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

This interpretations explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirements to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

Prepayment Feature with Negative Compensation - Amendments to IFRS 9

The amendments enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long-term Interests in Associates and Joint Venture (Amendments to IAS 28)

The amendments clarify the accounting for long-term interests in an associate or joint venture, which is substance form part of the net investment on the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact of the Group's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Standards, Amendments to published Standards and Interpretation Effective in the reporting period (Continued)

Annual Improvements to IFRSs 2015-2017 Cycle (continued)

- IAS 12 - clarified that income tax consequences of dividend on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of the past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the assets ceiling.
- separately recognise any changes on the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's financial statements.

2.3 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective standards and amendments to existing standards and interpretations have been published by the IASB. None of these standards or amendments to exiting standards have been adopted by the Group.

Management anticipates that all relevant pronouncement will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the consolidated financial statements.

2.4 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial Instruments (Continued)

Recognition and derecognition (Continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain significant financing components and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial assets
- the contractual cash flows characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objectives is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most receivables fall into this category of financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial Instruments (Continued)

Subsequent measurement of financial assets (Continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group account for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2).

Stage 3 would cover financial assets that have objectives evidence of impairment at the reporting date.

12 month expected credit losses are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial Instruments (Continued)

Trade and other receivables

The Group make use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.5 Basis of consolidation

Separate financial statements of the investor

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

Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation (Continued)

Consolidated financial statements (Continued)

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition- related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the equity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial assets. In additions, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in associates

Consolidated and separate financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation (Continued)

Investments in associates (Continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.6 Functional and presentation currency

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

2.7 Land

The Group holds agricultural land at Mon Tresor, Britannia and Le Bouchon which are mostly under sugar cane cultivation as well as residential land (freehold land) at Belle Rive. Land is stated at cost and is not depreciated. Any gain or loss on disposal of freehold land (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When the use of the land changes from owner-occupied to investment property, the land is reclassified accordingly.

2.8 Property, plant and equipment

Recognition and measurement

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

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.

Subsequent expenditure

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

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

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

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

2.9 Bearer plants 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

Recognition and measurement

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

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.

Amortisation

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

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

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

2.11 Investment property

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Development project cost

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

2.13 Leased assets

As described in Note 2.2, the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative figures have not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from 01 July 2019

The Company as a lessee

For any new contracts entered on or after 01 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the rights to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets the three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use considering its rights within the defined scope of the contract.
- the Company has the right to direct the use of the identified asset throughout the period of use. The company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any cost to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leased assets (Continued)

Measurement and recognition of leases as a lessee (continued)

Lease payment included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest, it is remeasured to reflect any reassessment or modification, or if there is any change in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in Investment properties and the lease liability under borrowings.

Accounting policy applicable before 01 July 2019

Operating lease

All other leases are treated as operating lease where the Company is a lessee, payments on operating lease arrangements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance, are expensed as incurred.

The Company as a lessor

The Company also earns rental income from operating lease of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

2.14 Consumable biological assets

Standing sugar cane crop

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

Nursery plant

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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.

2.16 Cash and cash equivalents

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

2.17 Stated capital

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

2.18 Notes

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

2.19 Retirement benefit obligation

Defined contribution plan

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

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitled them to the contributions.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Retirement benefit obligation (Continued)

Defined benefit plans (Continued)

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailment and settlements are recognised immediately in profit or loss.

2.20 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to terms recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantially enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differenced arising between the tax bases of assets and liabilities and their carrying amounts on the financial statements. However, of the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transactions affected neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using the tax rates that have been enacted or substantially enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realized or the deferred income tax liability is settled.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 Provisions

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

2.23 Trade and other payables

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

2.24 Revenue

Revenue stream

The Group generates revenue from dividend, the sale of immovable properties (including agricultural land), sugar and its by products and from provision of leisure activities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (Continued)

Disaggregation of revenue

In the following table, revenue is disaggregated by its nature and timing of revenue recognition for the year ended 30 June 2020 and 30 June 2019:

The Group

	2020 Rs'000	2019 Rs'000
Main product / service line		
Sale of immovable properties (land)	11,485	64,415
Sugar and by products	38,436	51,726
Park tickets	35,651	-
Amusement rides and entertainment	5,713	-
Food and beverages	6,219	-
Secretarial services	123	266
	97,627	116,407
Timing of revenue recognition		
Products transferred at a point in time	97,504	116,141
Services transferred over time	123	266
	97,627	116,407

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payments terms and related revenue recognition policies.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (Continued)

THE GROUP AND THE COMPANY

Type of goods/services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Immovable properties (land)	Sale of immovable properties is considered to be a single performance obligation which is satisfied at a point in time when ownership of land is transferred to the buyer via the signing of the sale contract. A schedule of payment is agreed with the buyer and upon full payment by the latter and the signing of the sale contract, the ownership of the land is transferred to the buyer.	Revenue is recognised upon signing of the sales contract by the buyer.
Sugar and its related by products	Revenue from sale of sugar and molasses is recognized at the point in time when control of the goods is transferred to the milling company.	Revenue is recognised when control of goods are transferred to the milling company at an amount that reflect the consideration (determined by the Sugar Syndicate) to which the Group expects to be entitled in exchange of those goods.
Park tickets	Revenue from park tickets is recognised at a point in time upon the sale of the ticket at the different point of sales.	Revenue from sale of tickets are recognised upon the issue of tickets to the customers.
Amusement rides and entertainment	Revenue from amusement rides and entertainment is recognised at a point in time upon the sale of the ticket at the different point of sales.	Revenue from amusement rides and entertainment are recognised upon issue of tickets to the customers.
Food and beverages	Revenue from food and beverages are recognised upon the issue of billing at the different point of sales. Revenue is recognised at a point in time upon recording of the sales on the different point of sales.	Revenue for food and beverages is recognized upon the recording of the sales on the point of sales (POS).
Secretarial services	Invoices for secretarial services are issued on a yearly basis and payable within 30 days.	Revenue is recognised over time on the services provided. The determination of amount of revenue to recognise is assessed based on the work performed at the agreed charge out rates.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Contract liabilities

The following table provides information about contract liabilities from contract with customers:

	The Group	
	2020	2019
	Rs'000	Rs'000
Balance as at 01 July,	199,589	103,877
Deposits received during the year	65,274	160,461
Released during the year to profit or loss	(9,535)	(64,416)
Deposits refunded during the year	(2,291)	(333)
Deposits cancelled during the year	(200)	-
Balance as at 30 June,	252,837	199,589

The contract liabilities relate to deposits received from customers for the acquisition of immovable properties (land). The amount of Rs 64m recognised in contract liabilities at the beginning of the year and has been recognised as revenue for the year ended 30 June 2020.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is recognised as an income in profit or loss.

Other income

Other income generated by the Group are recognised on the following basis:

- Dividend income – when the shareholders' right to receive payment is established.
- Other income – on an accruals basis unless collectability is in doubt.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, they evaluate, among other factors, the duration and extent to which

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Consumable biological assets

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

(iii) Retirement benefit 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 the carrying amount of pension obligation.

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

Other key assumptions for pension obligation are based in part on current market conditions. Additional information is disclosed in Note 18.

(iv) Limitations of sensitivity analysis

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

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

(v) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transaction values, multiple earnings, net asset value, cost or dividend, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quality and quantity of pricing source used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(vi) Asset lives and residual values

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

(vii) Depreciation policies

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

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

(viii) Deferred tax on investment properties

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

(ix) Provisions

The Group applies a simplified approach in calculating Expected Credit Loss (ECL). Therefore, the Group does not change in credit risks, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days due to various customer segments that have similar loss patterns (i.e. by customer-type and ratings).

4 LAND

	The Group	
	2020	2019
	Rs'000	Rs'000
At 01 July,	386,844	386,844
Disposed during the year	(127)	-
At 30 June,	386,717	386,844

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

5 PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings Leisure Park on Leasehold Land Rs'000	Right of use asset Rs'000	Infrastructure and landscaping Rs'000	Assets under construction Rs'000	Waterpark Equipment Rs'000	Amusement Rides Rs'000	Plant and machinery Rs'000	Furniture and fittings Rs'000	Office Equipment Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Electrical Equipment Rs'000	Bearer Plants Canes Rs'000	Total Rs'000
At 30 June 2018	124,811	-	30,464	639	56,341	20,572	-	16,574	6,582	11,618	9,935	31,823	78,372	387,731
Additions during the year	-	-	-	265,714	-	-	700	30	-	643	320	-	408	267,815
At 30 June 2019	124,811	-	30,464	266,353	56,341	20,572	700	16,604	6,582	12,261	10,255	31,823	78,780	655,546
Recognition of rights of use asset on initial application of IFRS 16	-	32,814	-	-	-	-	-	-	-	-	-	-	-	32,814
Additions during the year	8,455	-	9,734	9,576	3,736	34,630	-	952	-	1,286	-	4,845	2,600	75,814
Transfers from related party	-	-	-	-	-	-	-	806	-	-	-	-	-	806
Transfers during the year	25,806	-	20,898	(247,285)	17,429	171,551	-	716	-	-	-	10,885	-	-
At 30 June 2020	159,072	32,814	61,096	28,644	77,506	226,753	700	19,078	6,582	13,547	10,255	47,553	81,380	764,980
ACCUMULATED DEPRECIATION														
At 30 June 2018	124,811	-	30,464	-	56,341	20,572	-	15,919	6,421	11,226	9,375	31,823	69,193	376,145
Charge for the year	-	-	-	-	-	-	49	191	160	273	363	-	2,771	3,807
At 30 June 2019	124,811	-	30,464	-	56,341	20,572	49	16,110	6,581	11,499	9,738	31,823	71,964	379,952
Charge for the year	491	800	2,164	-	1,443	13,110	141	304	1	578	216	2,463	2,764	24,475
At 30 June 2020	125,302	800	32,628	-	57,784	33,682	190	16,414	6,582	12,077	9,954	34,286	74,728	404,427
CARRYING AMOUNT														
At 30 June 2020	33,770	32,014	28,468	28,644	19,722	193,071	510	2,664	-	1,470	301	13,267	6,652	360,553
At 30 June 2019	-	-	-	266,353	-	-	651	494	1	762	517	-	6,816	275,594

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Right-of-use asset Rs'000	Furniture and fittings Rs'000	Office Equipment Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
Cost						
At 30 June 2018	-	6,623	491	5,710	3,049	15,873
Additions during the year	-	30	-	376	-	406
At 30 June 2019	-	6,653	491	6,086	3,049	16,279
Recognition of rights of use asset on initial application of IFRS16	8,855	-	-	-	-	8,855
	8,855	6,653	491	6,086	3,049	25,134
Additions during the year	-	114	-	256	-	370
At 30 June 2020	8,855	6,767	491	6,342	3,049	25,504
Accumulated Depreciation						
At 30 June 2018	-	5,954	469	5,332	2,659	14,414
Charge for the year	-	204	22	213	155	594
At 30 June 2019	-	6,158	491	5,545	2,814	15,008
Charge for the year	3,428	197	-	311	155	4,091
At 30 June 2020	3,428	6,355	491	5,856	2,969	19,099
Net Book Value						
At 30 June 2020	5,427	412	-	486	80	6,405
At 30 June 2019	-	495	-	541	235	1,271

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6 INTANGIBLE ASSETS

The Group	2020 Rs'000	2019 Rs'000
Cost		
At 01 July,	2,838	2,742
Additions	4,601	96
At 30 June,	7,439	2,838
Accumulated Amortisation		
At 01 July,	2,658	2,607
Charge for the year	943	51
At 30 June,	3,601	2,658
Net Book Value		
At 30 June,	3,838	180

The Company	2020 Rs'000	2019 Rs'000
Cost		
At 01 July,	1,253	1,157
Additions	100	96
At 30 June,	1,353	1,253
Accumulated Amortisation		
At 01 July,	1,073	1,022
Charge for the year	67	51
At 30 June,	1,140	1,073
Net Book Value		
At 30 June,	213	180

7 INVESTMENT PROPERTY

	The Group	
	2020	2019
	Rs'000	Rs'000
Cost		
At 01 July,	928,768	927,068
Recognition of rights of use asset on initial application of IFRS16	5,881	-
	934,649	927,068
Additions	203	1,700
Transferred to related party	(1,346)	-
At 30 June,	933,506	928,768
Accumulated Depreciation		
At 01 July,	134,752	110,413
Charge for the year	24,408	24,339
Transferred to related party	(540)	-
At 30 June,	158,620	134,752
Net Book Value		
At 30 June,	774,886	794,016

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

8 INVESTMENT IN SUBSIDIARIES

	The Company	
	2020	2019
	Rs'000	Rs'000
At 01 July & 30 June,	167,476	167,476

(a) Subsidiaries with material non-controlling interests

	Loss allocated to non-controlling interests Rs'000	Accumulated non-controlling interests as at 30 June Rs'000
SIT Land Holdings Ltd		
2020	(120,493)	468,435
2019	(95,228)	588,928

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries as follows:

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

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

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

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

	SIT Land Holdings Ltd	
	2020	2019
	Rs'000	Rs'000
Non-current assets	425,439	468,522
Current assets	342,896	350,972
Non-current liabilities	30,031	26,884
Current liabilities	374,714	335,415
Revenue	46,164	53,631
Loss for the year	(77,949)	(57,204)
Other comprehensive income	(2,655)	(474)
Total loss and other comprehensive income	(80,604)	(57,678)

(ii) Summarised cash flows information:

	SIT Land Holdings Ltd	
	2020	2019
	Rs'000	Rs'000
Operating activities	2,628	12,327
Investing activities	5,098	269
Financing activities	(13,001)	(13,001)
Net decrease in cash and cash equivalents	(5,275)	(405)

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9 INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July,	2,140,988	2,179,012	529,423	927,015
Additions	-	-	-	-
Share of loss	(42,545)	(38,024)	-	-
Changes in fair value	-	-	(207,177)	(397,592)
Dividend	-	-	-	-
At 30 June,	2,098,443	2,140,988	322,246	529,423

Details of the associates are as follows:

Name of associate	Nature of activities	Year end	Country of Incorporation	Proportion of ownership interest
Omnicane Holdings Limited	Investment holding	31 December	Mauritius	35%
Eole Plaine Des Roches Ltée	Investment in green energy project	31 December	Mauritius	49%
Synnove Solar (Mauritius) One Ltd	Manufacture and distribution of electricity	31 December	Mauritius	49%
Synnove Energy Ltd	Manufacture and distribution of electricity	31 December	Mauritius	29%
Mauritius Land-Based Oceanic Park Ltd	Oceanic park	31 December	Mauritius	39%

(i) Omnicane Holding Limited, an investment company, is the holding company of Omnicane Limited. The fair value of Omnicane Holding Limited has been determined by reference to the Market price of Omnicane Limited, which is listed on the Stock Exchange of Mauritius. The financial year end of Omnicane Holdings Limited is 31 December. For the purposes of applying the equity method of accounting at group level, the financial statements of Omnicane Holdings Limited for the year ended 31 December 2019 have been used.

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

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

(iv) Investment in Synnove Energy Ltd has been fully impaired during the financial year.

9 INVESTMENT IN ASSOCIATES (CONTINUED)

(v) Investment in Mauritius Land Based Oceanic Park Ltd has been fully impaired in prior years.

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

Summarised financial information of material associates

Omnicane Holdings Limited (audited)

	2020 Rs'000	2019 Rs'000
Current assets	2,482	21,227
Non-current assets	986,662	986,662
Current liabilities	966	18,278
Revenue	-	-
Loss for the year	(1,433)	(2,582)
Dividend received	-	-

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

Eole Plaines Des Roches Ltée (Unaudited)

	2020 Rs'000	2019 Rs'000
Current assets	22,554	137,639
Non-current assets	683,785	601,693
Current liabilities	15,091	-
Non-current liabilities	549,695	537,891
Revenue	85,506	39,371
Loss for the year	(10,005)	(6,846)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9 INVESTMENT IN ASSOCIATES (CONTINUED)

*Synnove Solar (Mauritius) One Ltd (Unaudited)

	2020	2019
	Rs'000	Rs'000
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Revenue	-	-
(Loss)/profit for the year	-	-

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
At 01 July,	579,961	630,343
Share buy back	(5,700)	-
Changes in fair value of securities	(135,979)	(50,382)
	438,282	579,961

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

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

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

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

Measurement of fair value

(i) Fair value hierarchy

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

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) Valuation techniques and significant unobservable inputs

Description	Valuation technique	Significant unobservable inputs	2020 Fair Value	2019 Fair Value	Change in Basis point	2020 Sensitivity of the input to fair value	2019 Sensitivity of the input to fair value
Terra Milling Company Ltd	NAV	NAV	108,364	85,787	+/-5%	5,418	4,289
Deep River Beau Champ Milling Company Ltd	NAV	NAV	17,015	48,947	+/-5%	851	2,447
Alteo Milling Company Ltd	NAV	NAV	58,720	61,024	+/-5%	2,936	3,051
Maubank Ltd	NAV	NAV	131	125	+/-5%	7	6
SugarWorld Ltd	NAV	NAV	2,571	4,092	+/-5%	129	205
Consolidated Energy Ltd	Dividend Discount Model ("DDM")	Risk free rate 4.25% Risk premium 2%	-	5,843	+/-1%		58
Terragen Ltd	Dividend Discount Model ("DDM")	Risk free rate 4.25% Risk premium 2%	51,462	71,296	+/-1%	515	713
Alteo Energy Ltd	Dividend Discount Model ("DDM")	Risk free rate 4.25% Risk premium 2%	3,717	40,931	+/-1%	37	409
Omnicane Thermal Energy Operations (St Aubin) Limited	Dividend Discount Model ("DDM")	Risk free rate 4.25% Risk premium 2%	155,601	185,920	+/-1%	1,556	1,859
Omnicane Thermal Energy Operations (La Baraque) Limited	Dividend Discount Model ("DDM")	Risk free rate 4.25% Risk premium 2%	40,701	75,996	+/-1%	407	760
			438,282	579,961			

11 DEVELOPMENT PROJECT COSTS

	The Group	
	2020	2019
	Rs'000	Rs'000
At 01 July,	29,179	29,179
Additions	917	-
At 30 June,	30,096	29,179

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

12 CONSUMABLE BIOLOGICAL ASSETS

	The Group	
	2020	2019
	Rs'000	Rs'000
At 01 July,	15,190	13,565
Changes in fair value	(6,477)	1,625
At 30 June,	8,713	15,190
Analysed as:		
Standing sugar cane crop	5,048	12,111
Nursery plants	3,665	3,079
	8,713	15,190

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

	Standing Sugar cane Crop Rs'000	Nursery Plants Rs'000	Total Rs'000
At 01 July 2019	12,111	3,079	15,190
Due to harvest / sales	5,048	(435)	4,613
Due to biological transformation	(12,111)	1,021	(11,090)
At 30 June 2020	5,048	3,665	8,713
At 01 July 2018	8,360	5,205	13,565
Increase/(decrease) in fair value			
Due to harvest / sales	(8,360)	(709)	(9,069)
Due to biological transformation	12,111	(1,417)	10,694
At 30 June 2019	12,111	3,079	15,190

	2020	2019
Number of hectares of sugar cane plantations at year end	516	708
Tonnage of sugar cane harvested during the year	35,511	36,678

12 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

(a) Measurement of fair values

(i) Fair value hierachy

Type	Valuation technique	Significant unobservable inputs	Inter relationship between key unobservable inputs and fair value measurement
Standing canes	Cost technique and discounted cash flows: The Group considers both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The cost technique considers the costs of creating a comparable plantation, taking into account the costs of cultivation and preparation, buying and planting young crops. Discounted cash flows consider the present value of the net cash flows expected to be generated by the plantation at maturity. The expected net cash flows are discounted using risk-adjusted discount rates.	• Estimated costs of cultivation and preparation – 1.7% increase over actual costs incurred (2019: 1.5% increase over actual costs incurred) • Estimated future sugar prices per tonne Rs 11,384 (2019: Rs 8,700) • Estimated production of sugar 2,58 tonnes (2019: 3,000 tonnes) • Risk adjusted discount rate 5.25% (2019: 6.5% per annum)	The estimated fair value would increase/ (decrease) if: • The estimated costs of cultivation and preparation were higher/ (lower); • The estimated sugar prices per tonne were higher/ (lower); or • The estimated production of sugar was higher/ (lower); • The risk-adjusted discount rates were lower/(higher).
Nursery plants	Market comparison technique: The fair value is based on the market price of nursery plants of similar age, quality and market values.	Not applicable	Not applicable

(b) Risk management strategy related to agricultural activities

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13 INVENTORIES

	The Group	
	2020	2019
	Rs'000	Rs'000
Fertilizers and chemicals	6,202	4,240

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

14 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Trade receivables	65,749	96,094	29,400	64,256
Other receivables	67,522	65,927	-	-
Prepayments	4,313	2,619	120	127
Deposits	-	14,176	-	11,750
Amounts due from related parties				
SIT Property Development Ltd	-	-	1,292,238	1,274,014
SIT Land Holdings Ltd	-	-	348,603	312,838
NG Tower IV Ltd	-	-	3,518	6,715
SIT Corporate and Secretarial Services Ltd	-	-	36	1,252
Eole Plaines Des Roches Ltée	46,885	45,023	46,885	45,023
	184,469	223,839	1,720,800	1,715,975

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

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

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

15 ASSETS HELD FOR SALE

	The Group	
	2020	2019
	Rs'000	Rs'000
At 01 July,	1,185,881	1,192,952
Additions	56,903	33,088
Disposed during the year	(1,005)	(1,209)
Released to cost of sales	(1,726)	(38,950)
At 30 June,	1,240,053	1,185,881

Assets held for sale represent unsold plots of land as at 30 June 2020 in respect of agricultural morcellements at Ile D'Ambre, Deux Bras and Union Park, as well as residential property developments at Cote D'Or & Rose Belle. These plots are intended to be sold in a short period of time.

16 STATED CAPITAL

	The Group and The Company		
	Stated capital 2020 & 2019 Rs'000	Share premium 2020 & 2019 Rs'000	Total 2020 & 2019 Rs'000
Issued and fully paid			
389,851,812 ordinary shares if Re. 1.00 each	389,852	13,931	403,783

Rights attached to Ordinary shares

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

17 NOTES

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
15,000 notes at par value of Rs 100,000 each	1,500,000	1,500,000

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17 NOTES (CONTINUED)

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

	The Group and The Company		
Tranche	Maturity date	Amount (Rs'000)	Coupon rates (%)
1	April 2020	300,000	5.25%
2	April 2022	600,000	6.15%
3	April 2024	600,000	6.50%
Total		1,500,000	

	The Group and the Company	
	2020 Rs'000	2019 Rs'000
Analysed as follows:		
Current	300,000	300,000
Non-current	1,200,000	1,200,000
	1,500,000	1,500,000

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

18 RETIREMENT BENEFIT OBLIGATIONS

	The Group		The Company	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Amounts recognised in the statement of financial position				
Defined pension benefits (Note (a) (i))	3,403	2,968	3,403	2,968
Other post-retirement benefits (Note (b)(i))	32,417	28,523	-	-
	35,820	31,491	3,403	2,968
Amounts charged to profit or loss				
Defined pension benefits (Note (a) (ii))	354	280	354	280
Other post-retirement benefits (Note (b)(ii))	2,625	2,512	-	-
	2,979	2,792	354	280
Amounts charged to other comprehensive income				
Defined pension benefits (Note (a)(iii))	(81)	(130)	(81)	(130)
Other post-retirement benefits (Note (b)(iii))	(2,709)	1,233	-	-
	(2,790)	1,103	(81)	(130)

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined pension benefits

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

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

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

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
Present value of funded obligation	5,213	4,581
Fair value of plan assets	(1,810)	(1,613)
Liability on the statement of financial position at end of year	3,403	2,968

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

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
Current service cost	193	111
Cost of insuring risk benefits	-	5
Interest cost	161	164
Total included in staff costs	354	280

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

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
Re-measurement on the net benefit liability		
Losses on pension scheme assets	(118)	51
Experience (losses) gains on the liabilities	(11)	(424)
Changes in assumptions underlying the present value of the scheme	210	503
	81	130

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined pension benefits (Continued)

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

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
At 01 July,	2,968	2,640
Charged to other comprehensive income	81	130
Charged to profit or loss	354	280
Employer contributions	-	(82)
At 30 June	3,403	2,968

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

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
Present value of obligation at 01 July,	4,582	4,133
Current service cost	193	111
Interest cost	240	260
Actuarial gains	198	78
Present value of obligations at 30 June,	5,213	4,582

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

	The Group and the Company	
	2020	2019
	Rs'000	Rs'000
Fair value of plan assets at 01 July,	1,613	1,492
Interest income	79	96
Cost of insuring risk benefits	-	(5)
Employer's contribution	-	82
Actuarial loss	118	(52)
Fair value of plan assets at 30 June,	1,810	1,613

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined pension benefits (Continued)

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

	The Group and the Company	
	2020	2019
	%	%
Discount rate	3.40	5.20
Expected return on plan assets	3.40	5.20
Future long-term salary increase	4.00	4.00
Future guaranteed pension increase	0.00	0.00

(viii) The Company expects to make a contribution of Rs 0.1 million to the defined benefit plan during the next financial year.

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

	Increase	Decrease
	Rs	Rs
Discount rate (1% movement)	243,299	223,278
Future long-term salary assumption (1% movement)	368,653	200,262

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

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

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

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

(xii) The weighted average duration of the defined benefit obligation is 11 years at the end of the reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Other retirements benefits

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

(i) The amounts recognsied in statements of financial position is as follows:

	The Group	
	2020	2019
	Rs'000	Rs'000
Present value of unfunded obligation	32,417	28,523

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

	The Group	
	2020	2019
	Rs'000	Rs'000
Current service cost	1,406	999
Interest cost	-	192
Net interest on net benefit liability	1,219	1,321
Total included in staff costs	2,625	2,512

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

	The Group	
	2020	2019
	Rs'000	Rs'000
At 01 July,	28,523	28,548
Charged to profit or loss	2,625	2,512
Charged to other comprehensive income	2,709	(1,234)
Contribution paid	(1,440)	(1,303)
At 30 June,	32,417	28,523

(iv) For accounting purposes, the principal actuarial assumptions are:

	The Group	
	2020	2019
	%	%
Discount rate	5.3	5.3
Future salary increases	3.1	3.1

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

19 DEFERRED TAX ASSETS

Deferred tax is provided in respect of all timing differences at the rate of 15% (2018:15%). The movement in deferred tax account is as follows:

	The Group	
	2020	2019
	Rs'000	Rs'000
At 01 July,	11,798	(1,129)
Movement during the year (Note 28(b))	13,290	12,927
At 30 June	25,088	11,798

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

				The Group
	Accelerated tax depreciation Rs'000	Tax losses Rs'000	Retirement benefit obligations Rs'000	Total Rs'000
2020				
At 30 June 2019	11,798	-	-	11,798
Movement during the year	13,290	-	-	13,290
At 30 June 2020	25,088	-	-	25,088
2019				
At 30 June 2018	(1,129)	-	-	(1,129)
Movement during the year	12,927	-	-	12,927
At 30 June 2019	11,798	-	-	11,798

				The Company
	Accelerated tax depreciation Rs'000	Tax losses Rs'000	Retirement benefit obligations Rs'000	Total Rs'000
2020				
At 30 June 2019	-	-	-	-
Movement during the year	(860)	-	510	(350)
At 30 June 2020	(860)	-	510	(350)

19 DEFERRED TAX ASSETS (CONTINUED)

Deferred Tax Assets not recognised

Group

The Group has unused tax losses of **Rs 89 million** (2019: Rs 86 million) to carry forward against future taxable profit, which have not been recognised due to the unpredictability of future taxable profit.

Company

The Company has unused tax losses of **Rs Nil** (2019: Rs. Nil) to carry forward against future taxable profit. No deferred tax has been recognised on accelerated tax depreciation, accumulated tax losses and retirement benefit obligation for the Company because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

20 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	20,473	25,215	3,532	2,210
Other payables	91,109	89,851	56,461	52,844
Amount due to related parties:				
NG Tower II Ltd	-	-	7,976	6,726
NG Tower III Ltd	-	-	29,910	29,294
NG Tower V Ltd	-	-	12,186	8,446
	111,582	115,066	110,065	99,520

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

21 BORROWINGS

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Bank loans (Note (a) below)	250,000	182,632	250,000	182,632
Bank overdraft (Note 30(b))	5,507	6,459	-	6,459
Lease liabilities (Note 22)	38,091	-	5,542	-
	293,598	189,091	255,542	189,091

21 BORROWINGS (CONTINUED)

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Analysed as follows:				
Current	5,788	6,459	2,094	6,459
Non-current	287,810	182,632	253,448	182,632
	293,598	189,091	255,542	189,091

(a) During the year, the company contracted a bank loan of Rs 250M with MauBank. The loan has been issued in tranches upon progress of work and at 30 June 2019, Rs 182M was disbursed. The loan bears interest of 5% period of and is repayable after 7 years from 10 August 2018 inclusive of a moratorium period of 2 years.

The bank loan has been secured as follows:

- 1st rank fixed charge on buildings and amenities erected on lease land to the extent of 71.04 arpents located at Belle Mare leased from State of Mauritius to SIT Leisure Ltd.
- 1st rank floating charge on all assets of SIT Leisure Ltd.
- 1st rank floating charge on all assets of SIT.

22 LEASE LIABILITIES

Lease liabilities are presented in the consolidated statements of financial position as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current	281	-	2,094	-
Non-current	37,810	-	3,448	-
	38,091	-	5,542	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

22 LEASE LIABILITIES (CONTINUED)

(a) The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the statement of financial position:

The Group

Right-of-use asset	No of right-of-use asset leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Land	2	30 years	30 years	2	-	-	2

The Company

Right-of-use asset	No of right-of-use asset leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Building	1	1 year	1 year	1	-	-	1

(b) The undiscounted maturity analysis of lease liabilities at 30 June 2020 is as follows:

The Company

	Within 1 year Rs'000	1-2 years Rs'000	2-3 years Rs'000	3-4 years Rs'000	4-5 years Rs'000	Afters 5 years Rs'000	Total Rs'000
30 June 2020							
Minimum lease payments	3,652	2,130	-	-	-	-	5,782
Interest	(204)	(36)	-	-	-	-	(240)
Present value of lease liabilities	3,448	2,094	-	-	-	-	5,542

22 LEASE LIABILITIES (CONTINUED)

The Group

	Within 1 year Rs'000	1-2 years Rs'000	2-3 years Rs'000	3-4 years Rs'000	4-5 years Rs'000	Afters 5 years Rs'000	Total Rs'000
30 June 2020							
Minimum lease payments	2,461	4,988	5,023	5,059	5,136	70,695	93,362
Interest	(2,179)	(4,308)	(4,228)	(4,132)	(4,021)	(36,403)	(55,271)
Present value of lease liabilities	282	680	795	927	1,115	34,292	38,091

23 REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend income	82,655	44,028	82,655	44,028
Proceeds from sugar & its related-by products	38,436	51,726	-	-
Sale of land	11,485	64,415	-	-
Rental income	59,479	60,207	-	-
Leisure activities	47,583	-	-	-
Secretarial	123	266	-	-
	239,761	220,642	82,655	44,028

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

24 COST OF SALES

	The Group	
	2020	2019
	Rs'000	Rs'000
Cost of land sold	2,860	40,164
Personnel expenses	47,075	28,613
Changes in fair value of consumable biological assets (Note 12)	6,477	(1,625)
Cultivation costs	15,262	7,306
Subcontractor costs	14,291	17,723
Depreciation of property, plant and equipment	19,064	18,038
Depreciation of bearer plant canes (Note 5)	2,764	2,771
Food and beverages	6,994	-
Operations	10,604	-
Nursery expenses	29	62
Lease of Land	-	2,461
Others	6,140	8,395
	131,560	123,908

25 OTHER INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Management fees	-	-	3,758	10,890
Reversal of provision	2,584	-	2,584	-
Income from investment property	18,893	19,705	-	-
Sundry income	12,685	8	2,462	6
Miscellaneous income	4,224	5,029	-	-
	38,386	24,742	8,804	10,896

26 ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees	1,031	889	249	265
Depreciation on plant and equipment	27,056	7,322	4,091	594
Amortisation of intangible assets (Note 6)	943	51	67	51
Motor vehicle expenses	2,001	1,255	423	396
Annual report expenses	2,185	3,674	1,526	3,070
Director fees	3,976	4,145	1,074	1,403
Press and advertising expenses	2,496	750	394	345
Legal and professional fees	3,851	3,616	2,684	2,560
Staff and related costs	42,199	46,706	36,234	35,494
Other expenses	32,362	40,402	6,267	11,549
Sundry expenses	1,589	1,855	1,477	1,555
General expenses	4,918	2,177	-	-
Provision for doubtful debts	10,881	-	-	-
Bad debts written off	3,004	-	-	-
	138,492	112,842	54,486	57,282

27 NET FINANCE (COSTS)/INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income:				
SIT Property Development Ltd	-	-	106,797	106,524
SIT Land Holdings Ltd	-	-	27,840	25,331
Foreign exchange gain	8	933	8	933
Other	1,923	1,895	1,861	1,856
Finance income	1,931	2,828	136,506	134,644
Interest expense:				
Bank overdrafts	(217)	(8)	-	(1)
Bank loans	(11,004)	(2,058)	(11,004)	(2,058)
Notes	(93,096)	(91,567)	(93,096)	(91,566)
Interest on lease	(1,857)	-	(338)	-
Finance costs	(106,174)	(93,633)	(104,438)	(93,625)
Net finance (costs) / income	(104,243)	(90,805)	32,068	41,019

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

28 TAXATION

Income tax is calculated at a rate of 15% (2019: 15%) on the profit for the year as adjusted for income tax purposes.

(a) Statement of financial position

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July,	(3,095)	10,263	(895)	12,208
Charge for the year	2,833	3,563	1,975	2,885
(Over)/Under provision in prior year	(922)	-	-	-
Corporate Social Responsibility refund	-	718	-	-
Tax deducted at source	(316)	(609)	-	-
Refund from MRA	2,986	-	-	-
Tax paid during the year	(813)	(17,030)	-	(15,988)
At 30 June,	673	(3,095)	1,080	(895)

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax on adjusted profit for the year 15% (2019:15%)	2,840	3,683	1,975	1,245
Deferred tax movement during the year (Note 19)	(13,290)	(12,927)	350	1,640
Tax (credit) / charge for the year	(10,450)	(9,244)	2,325	2,885

28 TAXATION (CONTINUED)

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

	The Group		The Company	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
(Loss)/Profit before taxation	(138,693)	(120,195)	69,041	38,661
Tax calculated at 15% (2019:15%)	(20,804)	(18,029)	10,356	5,799
Income not subject to tax	(16,049)	(20,585)	(16,050)	(14,683)
Excess of depreciation over capital allowance	(16,140)	-	549	-
Share of loss of associate	6,382	(23)	-	-
Expenses not deductible for tax purposes	9,340	5,704	6,050	-
Covid Levy	904	-	904	-
Tax losses utilised	-	13,525	-	10,129
Tax losses not utilised	-	(293)	-	-
Tax losses carried forward	38,347	21,623	-	-
Corporate Social Responsibility	263	1,761	166	-
Overprovision of CSR	597	-	-	-
Deferred tax (credit)/charge	(13,290)	(12,927)	350	1,640
Tax (credit) / charge for the year	(10,450)	(9,244)	2,325	2,885

29 EARNINGS PER SHARE

	The Group		The Company	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Basic earnings per share (Rs)	(0.33)	(0.28)	0.17	0.09
(Loss) / profit attributable to equity holders of the Company	(128,243)	(110,951)	66,716	35,776
Number of ordinary shares in issue	389,851,812	389,851,812	389,851,812	389,851,812

30 DIVIDENDS

	The Group		The Company	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Final dividend of Re.0.04 (2018: Re. 0.04) per share	28,595	28,595	15,594	15,594

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

31 NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash flows generated from operations

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
(Loss) / profit before taxation	(138,693)	(120,195)	69,041	38,661
Adjustments for:				
Depreciation on property, plant and equipment (Note 5)	24,475	3,807	4,091	594
Depreciation on investment property (Note 7)	23,868	24,339	-	-
Amortisation of intangible assets (Note 6)	943	51	67	51
Profit on sale of land	(6,594)	(707)	-	-
Expenditure incurred during the year	-	(196)	-	-
Assets held for sale released to cost of sales (Note 15)	1,726	38,950	-	-
Interest income (Note 27)	(1,931)	(2,828)	(136,506)	(134,644)
Interest expense (Note 27)	104,317	93,633	104,100	93,625
Interest on lease (Note 27)	1,857	-	338	-
Provision for CSR	(597)	-	-	-
Retirement benefit obligations	1,539	1,406	354	198
Deposits on shares released to Financial assets at FV through OCI	(11,750)	-	(11,750)	-
Share of loss of associates	42,545	38,024	-	-
	41,705	76,284	29,735	(1,515)
Changes in working capital				
- Inventories	(1,962)	(1,464)	-	-
- Trade and other receivables	18,673	(1,724)	(25,522)	25,569
- Trade and other payables	(3,484)	15,977	7,232	14,078
- Contract liabilities	53,248	95,712	-	-
- Provisions	-	-	-	-
- Consumable biological assets	6,477	(1,625)	-	-
	72,952	106,876	(18,290)	39,647
Cash generated from operations	114,657	183,160	11,445	38,132

31 NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Cash and cash equivalents

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Bank and cash balances	27,874	103,187	13,150	15,151
Bank overdraft	(5,507)	(6,459)	-	(6,459)
	22,367	96,728	13,150	8,692

32 FINANCIAL RISK MANAGEMENT

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

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

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

(a) Risk management framework

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

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

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

(b) Market risk

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

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Interest rate risk

The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

The Group
At 30 June 2020, if interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss for the year would have been Rs 15,133,000 lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

At 30 June 2019, if interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss for the year would have been Rs 13,394,000 lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

The Company
At 30 June 2020, if interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss for the year would have been Rs 15,133,000 lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

At 30 June 2019, if interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax loss for the year would have been Rs 13,394,000 lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

Foreign exchange risk

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

(c) Credit risk

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

	The Company		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at FVOCI (Note 10)	438,282	579,961	438,282	579,961
Other financial asset (Note 35)	-	-	410,456	314,397
Trade and other receivables (Note 14)	180,156	221,220	1,720,680	1,715,848
Cash and cash equivalents (Note 31(b))	27,874	103,187	13,150	15,151
	646,312	904,368	2,582,568	2,625,357

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

Financial assets exclude prepayments amounting to **Rs'000 4,313** (2019: Rs'000 2,619) and **Rs'000 120** (2019: Rs'000 127) for the Group and the Company respectively.

Financial assets at fair value through other comprehensive income

As at 30 June 2020, the Group and the Company managed a portfolio of investments amounting to **Rs 438 million** (2019: Rs 579 million). In accordance with its investment diversification strategy to ensure medium to long term growth, sustainability, profitability, capital appreciation and consistent income stream. Accordingly, the Group and the Company have identified several new and promising economic sectors bearing the potential for investment such as the renewable energy sector. The Group and the Company limit their exposure to credit risk by investing in high-quality securities to ensure that cash is readily available for use whenever required.

Trade and other receivables

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

At 30 June 2020, the ageing of trade receivables that were not impaired was as follows:

	2020	2019
	Rs'000	Rs'000
Past due 1-30 days	30,420	35,635
Past due 31-60 days	1,926	1,696
Past due 61-90 days	2,176	1,270
Past due more than 120 days	31,227	57,493
	65,749	96,094

Trade receivables as at 30 June 2020 are neither past due nor impaired. Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. As such, the Group and the Company have no significant concentration of credit risk.

Cash and cash equivalents

The Group and the Company have cash and cash equivalents of **Rs 28 million** and **Rs 13 million** respectively at 30 June 2020 (2019: Rs 103 million and Rs 15 million respectively). The cash and cash equivalents are held with bank and financial institution counterparties.

Guarantees

At 30 June 2020, the Company has issued a financial guarantee to its investee with regards to a bank loan undertaken by the latter.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

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

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

	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
The Group					
Year ended 30 June 2020					
Contract liabilities (Note 2.25)	252,837	-	-	-	252,837
Trade and other payables (Note 20)	111,582	-	-	-	111,582
Borrowings (Note 21)	5,788	-	287,810	-	293,598
Notes (Note 17)	300,000	600,000	600,000	-	1,500,000
	670,207	600,000	887,810	-	2,158,017
Year ended 30 June 2019					
Contract liabilities (Note 2.25)	199,589	-	-	-	199,589
Trade and other payables (Note 20)	115,066	-	-	-	115,066
Borrowings (Note 21)	6,459	-	182,632	-	189,091
Notes (Note 17)	300,000	600,000	600,000	-	1,500,000
	621,114	600,000	782,632	-	2,003,746

	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
The Company					
Year ended 30 June 2020					
Trade and other payables (Note 20)	110,065	-	-	-	110,065
Borrowings (Note 21)	2,094	-	253,448	-	255,542
Notes (Note 17)	300,000	600,000	600,000	-	1,500,000
	412,159	600,000	853,448	-	1,865,607
Year ended 30 June 2019					
Trade and other payables (Note 20)	99,520	-	-	-	99,520
Borrowings (Note 21)	6,459	-	182,632	-	189,091
Notes (Note 17)	300,000	600,000	600,000	-	1,500,000
	405,979	600,000	782,632	-	1,788,611

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Accounting classification and fair values

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

		Fair value			
	Carrying amount Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
The Group					
Year ended 30 June 2020					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	438,282	-	251,481	186,801	438,282
Assets not measured at fair value					
Trade and other receivables	184,469	-	-	-	184,469
Cash and cash equivalents	27,874	-	-	-	27,874
Liabilities not measured at fair value					
Contract liabilities	252,837	-	-	-	252,837
Trade and other payables	115,582	-	-	-	115,582
Notes	1,500,000	-	-	-	1,500,000

		Fair value			
	Carrying amount Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
The Group					
Year ended 30 June 2019					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	579,961	-	379,986	199,975	579,961
Assets not measured at fair value					
Trade and other receivables	223,839	-	-	-	223,839
Cash and cash equivalents	103,187	-	-	-	103,187
Liabilities not measured at fair value					
Contract liabilities	199,589	-	-	-	199,589
Trade and other payables	115,582	-	-	-	115,582
Notes	1,500,000	-	-	-	1,500,000
Borrowings	189,091	-	-	-	189,091

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Accounting classification and fair values (Continued)

	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The Company					
Year ended 30 June 2020					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	438,282	-	251,481	186,801	438,282
Assets not measured at fair value					
Other financial assets	410,456	-	-	-	410,456
Trade and other receivables	1,720,800	-	-	-	1,720,800
Cash and cash equivalents	13,150	-	-	-	13,150
Liabilities not measured at fair value					
Trade and other payables	110,065	-	-	-	110,065
Notes	1,500,000	-	-	-	1,500,000
Borrowings	255,542	-	-	-	255,542

	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The Company					
Year ended 30 June 2019					
Assets measured at fair value					
Financial assets at fair value through other comprehensive income	579,961	-	379,986	199,975	579,961
Assets not measured at fair value					
Other financial assets	314,397	-	-	-	314,397
Trade and other receivables	1,715,975	-	-	-	1,715,975
Cash and cash equivalents	15,151	-	-	-	15,151
Liabilities not measured at fair value					
Trade and other payables	99,520	-	-	-	99,520
Notes	1,500,000	-	-	-	1,500,000
Borrowings	189,091	-	-	-	189,091

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Capital Risk management

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

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

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

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

The debt-to-adjusted capital ratios as at 30 June 2020 and at 30 June 2019 were as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Long term debt (Note 17)	1,500,000	1,500,000	1,500,000	1,500,000
Bank overdraft	5,507	6,459	-	6,459
	1,505,507	1,506,459	1,500,000	1,506,459
Less: Cash and cash equivalents (Note 31(b))	(27,874)	(103,187)	(13,150)	(15,151)
Net debt	1,477,633	1,403,272	1,486,850	1,491,308
Total equity	3,391,061	3,719,115	1,208,588	1,533,150
Debt-to-adjusted capital ratio	44%	38%	123%	97%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

33 CONTINGENCIES

(i) Bank guarantee

At 30 June 2020, the company's subsidiary, SIT PROPERTY DEVELOPMENT LTD ("SPDL"), had no bank guarantees (2019: Rs 70,000,000) in favour of Ministry of Housing and Lands to execute infrastructural works at Cote D'Or of an extent of 44,872.60m2 into 78 plots for residential purposes from which it is anticipated that no material liabilities will arise.

(ii) Legal cases

As at 30 June 2020, the Group and the Company have several litigations with a total claim of **Rs 5 Million** (2019: Rs 22 Million). Provisions have been made in the accounts where necessary and the directors have made an assessment and consider that there is strong ground to resist the remaining claims based on the advice received from the Group's and the Company's lawyers.

34 OPERATING LEASE ARRANGEMENTS

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Minimum lease payments under operating Leases recognised as an expense this year	-	6,113	-	3,652

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Within 1 year	-	6,113	-	3,652
After 1 year and before 5 years	-	14,019	-	10,956
After 5 years	-	-	-	-
	-	20,132	-	14,608

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

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

34 OPERATING LEASE ARRANGEMENTS (CONTINUED)

	The Group	
Group as lessor	2020	2019
	Rs'000	Rs'000
Operating lease income from short Term lease	-	60,495

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

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

	The Group	
	2020	2019
	Rs'000	Rs'000
Within 1 year	42,916	43,005
After 1 year and before 5 years	43,311	27,819
After 5 years	194	-
	86,421	70,824

35 OTHER FINANCIAL ASSETS

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Amount due from SIT Leisure Limited	-	-	410,456	314,397

The amount due from SIT Leisure Limited are unsecured, repayable on demand and interest free.

Based on the assessment performed by the directors, the amount due from SIT Leisure Limited is expected to be recoverable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

36 RELATED PARTY TRANSACTIONS

	Interest income/ (expense)	Rental expenses	Management fees payables	Amount due to	Amount due from
THE GROUP					
Year ended 30 June 2020					
Associated company					
Eole Plaines Des Roches Ltée	1,861	-	-	-	46,885
THE COMPANY					
Year ended 30 June 2020					
Subsidiaries					
SIT Property Development Ltd	106,797	-	2,758	-	1,292,238
SIT Land Holdings	27,840	-	1,000	-	348,603
NG Tower II	-	-	-	7,976	-
NG Tower III	-	-	-	29,910	-
NG Tower IV	-	3,652	-		3,518
NG Tower V	-	-	-	12,186	-
SIT Corporate and Secretarial Services Ltd	-	-	-	-	36
SIT Leisure Ltd (Note (a))	-	-	-	-	410,456

(a) The amount due from SIT Leisure is unsecured, repayable on demand and interest free.

	Interest income/ (expense)	Rental expenses	Management fees payables	Amount due to	Amount due from
THE GROUP					
Year ended 30 June 2019					
Associated company					
Eole Plaines Des Roches Ltée	1,868	-	-	-	46,023
THE COMPANY					
Year ended 30 June 2019					
Subsidiaries					
SIT Property Development Ltd	106,524	-	9,890	-	1,274,014
SIT Land Holdings	25,331	-	1,000	-	312,838
NG Tower II	-	3,652	-	6,726	-
NG Tower III	-	-	-	29,294	-
NG Tower IV	-	-	-	-	6,715
NG Tower V	-	-	-	8,446	-
SIT Corporate and Secretarial Services Ltd	-	-	-	-	1,252
SIT Leisure Ltd	-	-	-	-	314,397

36 RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

Compensation of key management personnel

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Short term benefits	15,614	16,528	1,167	1,231

37 EFFECT OF PRIOR YEAR ADJUSTMENTS

During the year, the Group and the Company made certain adjustments relating to previous periods which have been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors as depicted below.

Dividend receivables

Dividend receivables as at 30 June 2019 recorded in the Group's and Company's financial statements amounted to Rs 38,550,000. As the actual amounts received in July 2019 only amounted to Rs 17,853,000, this represented an overstatement of Rs 20,697,000. The overstatement were not adjusted in the Group's financial statements and this has been restated retrospectively as at July 01, 2018.

The effects of these adjustments are as follows:

Statement of profit or loss and other comprehensive income

	2018		
The Company	As previously stated Rs'000	Adjustment Rs'000	As restated Rs'000
Revenue			
Dividend income	123,086	(20,697)	102,389
Total comprehensive loss for the year ended 30 June 2018 (audited)	(219,798)		
Total comprehensive loss for the year ended 30 June 2018 (restated)	(240,495)		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37 EFFECT OF PRIOR YEAR ADJUSTMENTS (CONTINUED)

Statement of financial position

	2018		
	As previously stated Rs'000	Adjustment Rs'000	As restated Rs'000
Trade and other receivables	1,773,566	(20,697)	1,752,869
Retained earnings (audited)	1,015,464		
Retained earnings (restated)	994,767		

Statement of profit or loss and other comprehensive income

	2018		
The Group	As previously stated Rs'000	Adjustment Rs'000	As restated Rs'000
Revenue			
Dividend income	69,535	(20,697)	48,838
Total comprehensive income for the year ended 30 June 2018 (audited)	16,482		
Total comprehensive loss for the year ended 30 June 2018 (restated)	(4,215)		

Statement of financial position

	2018		
	As previously stated Rs'000	Adjustment Rs'000	As restated Rs'000
Trade and other receivables	222,115	(20,697)	201,418
Retained earnings (audited)	1,300,715		
Retained earnings (restated)	1,280,018		

38 SUBSEQUENT EVENT

Following the AGM held on 05 November 2020, SIT Land Holdings Ltd (SITLH) proceeds with the sale of 150.98 Arpents to its subsidiary, Le Bouchon Development Company Ltd ("Special Purpose Vehicle") against a cash consideration amounting to **USD 40 million** for the development of a Smart City Project.

As per the Shareholders' Agreement signed on 22 December 2020, the ownership of the SPV was transferred to Curzon Investments ("the Developer") after the granting of a Smart City Scheme Certificate under the Non-Citizens Act authorizing the Developer to hold shares in the SPV.

39 GOING CONCERN

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the Company will not be a going concern in the year ahead.

Furthermore, management is not aware of any material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The Covid-19 pandemic is uncertain and rapidly evolving, and management shall continue to monitor the anticipated impacts on the business as circumstances change. The directors' strategic focus has been on strengthening the balance sheet and has placed the economy on a sound footing to face the current challenges. The Company is in a strong liquidity position and holds enough cash to fund operational expenses in the immediate future, with the existing cash resources.