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ANNUAL REPORT

FOR 18 MONTHS

PERIOD ENDED 30 JUNE 2017

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CHAIRPERSON'S LETTER

The Hon Pravind Kumar Jugnauth
Prime Minister,
Minister of Home Affairs, External Communications
and National Development Unit,
Minister of Finance and Economic Development

Sir,

In accordance with Section 9 (1) and (2) of the Statutory Bodies (Accounts and Audit) Act, the Board of the Sugar Insurance Fund is pleased to present its Annual Report including the audited Financial Statements for the 18 months ended 30 June 2017 to be laid before the National Assembly.

The Annual Report was approved by the SIFB on 28 September 2017 and subsequently amended further to report from the Director of Audit. The amended Annual Report was approved on 24 May 2018.

Yours faithfully

Chairperson
Sugar Insurance Fund Board

Date: 16 July 2018

CHAIRMAN'S REPORT

On behalf of the Board of Directors, it gives me great pleasure to present our Annual Report together with the audited financial statements of the SIFB for the eighteen-month period ended 30 June 2017.

Corporate Review

During the period under review, SIFB continued its strategy of consolidating its governance structure and improving on customer service through a restructuring of the organization set-up. We have also placed emphasis on activities that would yield better and additional income. Refurbishment works were carried out to enhance the working condition of staff.

For the eighteen-month period under review SIFB has realized a deficit of Rs 94.04 million (General and Fire) compared to a deficit of Rs 619.2 M which was due to the payment of an assistance and general insurance compensation of Rs 821.6 M to insureds last year. The surplus is mainly attributed to the fact that no event year became declarable in respect of any enlarge factory area for crop year 2016, gain on revaluation of investment properties, profit on sales of securities quoted in the local stock market and an increase in premium due to higher production and price of sugar.

Investment income (Interest and Dividend) totaled Rs 123.2 million for the 18 months period. When pro-rated the income amounted to Rs 82.1 million over a 12 month-period resulting in a decrease of 32.4%. The decrease is due to lesser funds being now available for investment purposes after the disbursement in the current period of some Rs 821.6 million as financial assistance and general insurance compensation for crop 2015, coupled with insignificant yield available on foreign currency deposits.

However, in percentage terms, the decrease in the Fund's total assets is presently estimated at 5.63% because of the re-evaluation of assets and also because of the more aggressive investment policy of the SIFB.

Crop Highlights

Overall Crop 2016 has had a favourable weather conditions in terms of rainfall and temperature. These weather conditions have been conducive to growth and development of the sugarcane crop as well as favourable for sucrose accumulation. The elongation rate was good in all sectors and the sucrose content better than Crop 2015.

Milling operations started at ALTEO factory on 23 May 2016 and ended at TERRA factory on 17 December 2016. Some 3.8 million tonnes of sugarcane were sent to mills resulting in 389,238 tonnes of sugar accruing island-wide. For Crop 2015 the figures were 4 million and 369,531 tonnes respectively. Therefore, inspite of there being a decrease in the tonnage of cane harvested there was an increase in sugar produced of 19,707 tonnes in 2016. The island mean extraction rate this year saw an improvement. It was 10.25% for Crop 2016 compared to 9.22% for Crop 2015.

The number of accounts of planters consigning canes has been decreasing over the years. It has decreased from 26, 898 accounts for Crop 2005 to 13,729 for Crop 2016. A drop of nearly 50%. There were 14,571 accounts for Crop 2015. Of the 13,729 accounts for Crop 2016, 13,625 are classified as small planters, i.e. those cultivating up to 10 hectares of sugarcane. The total area under cane also has dropped from 73,266 Ha for Crop 2005 to to 55,878 Ha for Crop 2016. That is a drop of 17,388 Ha representing a 24% drop.

The mean cane yield per hectares for Crop 2016 is 74.5 tonnes compared to 77.6 tonnes for Crop 2015. That is a drop of 3 tonnes per hectare. The Total Sugar Accruing was 389,238 tonnes compared to 369,531 tonnes for Crop 2015.

The prices of sugar for insurance purposes for Crop 2016 were determined at the rate of Rs 15,946 per metric tonne inclusive of added value of molasses for planters and Rs 15,300 for millers. For Crop 2015 the prices were Rs 13,735 and Rs 13,000 respectively.

For Crop 2016, the total sugar accrued for all enlarged factory areas were more than the prescribed 83 percent of the total insurable sugar. Hence no event year became declarable in any enlarge factory area.

Market highlights

After having suffered low sugar price levels for the 2014 and 2015 crops, the market conditions improved for the 2016 crop with the result that the ex-Syndicate price paid to producers increased to Rs 15,571 per ton sugar, an 18.3% improvement over the payment of Rs 13,166 effected over the previous campaign.

The increase in sugar prices was triggered as from end 2015, when a global deficit for the 2015/16 campaign became apparent. It persisted over a second consecutive year, attaining, according to estimates of the International Sugar Organization (ISO), 4.9 M tons and 6.5 M tons respectively. The New York #11 futures price for raw sugar consequently reached US 19cts/lb by July 2016 when sales contracts were finalised for the 2016 crop sugars, compared with around US 11 cts/lb a year earlier. Prices in the EU market followed the same trend and were supported by the lower EU sugar production in the previous campaign, attaining 14.9 M tons compared with 19.5 M tons for the 2014 crop, as a result of a 17% decrease in acreage and also adverse weather conditions having impacted on the beet yields. The supply shortage in the EU was exacerbated as exports from traditional ACP/LDC suppliers declined by almost 20% compared with 2015-16, firstly as a result of weather-related production constraints in a number of these countries and secondly as their sugars found better sales alternatives in their regional markets, particularly with the strengthening of the US Dollar in the interim period. Mauritius, which is the only supplier among the ACPs of exclusively direct consumption sugars, consequently took advantage of this supply gap and diverted more white sugar to the EU.

As for the 2017 crop, sugar sales will be influenced by more bearish market conditions as a new global surplus of at least 3 M tons of sugar is forecasted for the 2017-18 marketing year, especially due to significant increase in production in India, Thailand and EU. Such supply-demand forecast, together with the weakening of the Brazilian Real and the decrease in its domestic gasoline prices earlier in the year, have decreased speculators' interest in the sugar futures market, which consequently entailed a rapid decline in the price. The New York #11 raw sugar futures, which were over US 20 cts/lb at the beginning of the year, consequently fell below US 13 cts/lb in June 2017 when the Syndicate was negotiating sales for the 2017 crop. They remained under US 15 cts/lb over the following months, which are unviable price levels for most sugar producers worldwide.

ABOUT THE SUGAR INSURANCE FUND BOARD
A Unique Insurance Model in the World

The development of sugarcane in Mauritius, since its introduction by the Dutch, to its cultivation by the French and the British, has been frequently impeded by natural calamities. The recurrence of the cyclones and the damages suffered, always led to representations by the sugar industry and some members of the Legislative Council in England, seeking aid assistance from the British Government.

A proposal to insure the sugar crop was first made in Mauritius in the year 1906, and since that time the question has been considered on and off. The necessity of this form of insurance was admitted by everyone, but the stumbling block to the introduction of an insurance scheme had been the difficulty in finding a method of assessing cyclone damage, acceptable to both insurer and insurable.

In 1946, after having suffered considerable losses due to the disastrous cyclones of 1945, the planting community of the island asked for aid and assistance from the British Government. As a result, the Secretary of State for the Colonies announced the terms of assistance which would be rendered to the Sugar Industry. In addition, the Secretary of State for the Colonies insisted that an insurance scheme should be introduced in Mauritius so that there might be some cover in the future against such calamities, which in the past history have been attended by cyclones and to a lesser degree, droughts.

An ad hoc committee was set up to that effect. The committee made certain recommendations, which served as a basis for discussions between the Chamber of Agriculture and the Government – following which, the Cyclone and Drought Insurance Fund of Mauritius was established, on the 5th October 1946, by the Cyclone and Drought Insurance Fund Ordinance (Ordinance 53 of 1946) to "***provide for the compulsory insurance of the sugar cane crops of the Colony against cyclones and drought***". Thus, Mauritius placed itself in the forefront of sugar crop insurance, being the first country to establish such an insurance.

The Fund kicked off as a self-financed not-for-profit institution with no initial capital injection, hence its compulsory participation by all categories of producers. The first premiums paid covered crop 1947 and the first "Event Year" was declared by the Board in 1957 on account of drought. The claims for compensation amounting to some Rs 9 Million were settled for that crop. In 1960 the devastating cyclones Alix and Carol damaged 62% of the national crop harvest. During that year, the fund collected Rs 12 Millions as premiums but effectively paid out 11 times more as compensation to all producers amounting to Rs 140 Millions. This scenario prompted the Fund to strengthen its methods of assessing claims of small planters. Thus, verification of acreages cultivated by small planters first began in February 1960 through land surveys. Registration of planters was for the first time resorted to in May 1960 in respect of the 1960 crop.

In 1961, the concept of systematic field inspection was established with a view of accurate settlement of insurance claims. Inspection of cane plantations was carried out for all planters.

In 1969, the insurance coverage was enlarged to include "**Excessive Rainfall**" as another risk event whether or not brought by cyclonic conditions or bad weather.

In 1974, the Ordinance was repealed and replaced by a new legislation **The Sugar Insurance Fund Act, which established** a new entity named **Sugar Insurance Fund Board** to carry over altogether the activities of the defunct Cyclone and Drought Insurance Board**.**

Losses against **fire outbreaks** in cane fields became another insured peril taken on board by the Fund. The fire premium was initially set at Re. 1 per ton of insurable sugar in respect of the harvest of each crop year.

The 1999 crop encountered the most severe and prolonged drought that inhibited cane growth. An unprecedented drought that ever struck the island resulting with 47% of insurable crop harvest lost. The SIFB again stood by the side of all producers by its prompt intervention of cash advance payments on compensation to the tune of 80% of losses paid by December 1999.

Due to its financial strength, arising from sound management of the Fund and the Board's investment philosophy, the SIFB has, since 2009, stood by the side of the industry in its turbulent times by offering financial assistance to insureds in terms of:

(i) Discounted General Premiums;

(ii) Premium Holidays; and

(iii) Special Financial Assistance.

Indeed the Board has granted discounts in the order of 10% in 2009, 70% in 2010 and 70% in 2011 on general premiums in favour of all insureds, implying an average rebate of 50%. This feature has been made permanent, by the Board into the SIF legislation.

Furthermore, a one-off special assistance was paid from the Fund's accumulated reserves to all insureds to the order of **Rs 1.3 Billion** for both Crops 2014 and 2015.

Since 2009 till date, the SIFB has injected an aggregate of **Rs 3 Billion** capital from its accumulated reserves as financial assistance to sustain the industry in its times of upheavals.

The SIFB has now entered into its 70th year of existence and it cannot be denied that the role played in its long history has been of paramount importance as a protection mechanism for the sugarcane planter community and in the sustainability of sugarcane as an economic activity.

CROP 2016 HIGHLIGHTS

1.0 Climatic Conditions

1.1 The Growth Phase

The weather conditions prevailing during the growth and vegetative phases for Crop 2016 were characterized by above normal total rainfall experienced during the months of February, April and June and below the normal in the other months. Though cumulative rainfall was conducive to growth and development of the sugar cane crop in general over the island, in some areas was however observed only for short periods and its distribution being uneven in the different sectors.

Sugarcane fields located in the rainfed areas of the North, West and the low-lying areas of the East and South have faced mild water stress conditions. Nevertheless, cumulative elongation and total stalk height at end of May 2016 was observed to be better than 2015 and compared to the normal in all sectors.

1.2 The Ripening Phase

With the onset of winter conditions in June 2016, stalk elongation became inferior to that of the same period in 2015. The short periods of water stress coupled with above normal solar radiation has favoured ripening to set in resulting in the overall richesse in most of the sectors being better than 2015, except for the West due to the extended harvest season for 2015 and late start of harvest in 2016.

Below normal rainfall in all sectors during September and October 2016 coupled with both below normal temperature and sunshine duration did not favour ripening at the optimum rate. The island average extraction rate stood at 9.56% in August 2016 to reach 9.82% as at end-September 2016. The persistent dry weather conditions encountered during October and November 2016 especially in the rainfed sugar cane fields of the North, West and the lowland fields of the East and South sectors has caused desiccation of the stalks. This led to a drop in cane productivity, but saw an improvement in the mean extraction rate from 10.01% in October to 10.14% by end-November 2016.

1.3 In general, weather conditions in terms of rainfall and temperature has been conducive to growth and development of the sugar cane crop and favourable for cane ripening and sucrose accumulation. This was reflected in the good elongation rate, recorded in all sectors and as also witnessed by the better sucrose content compared to Crop 2015.

2.0 Registration of factories and plantations

2.1 Crop 2016 registration started on 2nd May 2016 to end on 31st May 2016. Since the implementation of 5-year staggered registration as from Crop 2012, planters with registration validity of 4-years turned up for renewal of their registration cards for the next 5 years. The practice of yearly renewal of registration remains unchanged for large planters and sugar estates.

2.2 A total of 4,730 accounts of planters were registered for crop year 2016 compared to 5,592 in 2015, inclusive of late registrations and re-registrations for those holding valid registration cards necessitating changes in their basic data.

2.3 With the centralization of milling activities, the only 4 sugar factories in operation island-wide are:

1. TERRA Milling Ltd in the North sector;
2. ALTEO Milling Ltd in the Centre/East sector;
3. MEDINE Sugar Milling Co. Ltd in the West sector; and
4. OMNICANE Milling Operations Ltd in the South sector.

3.0 Crop Harvest & Milling Operations

3.1 The total area under cane plantations (plant, virgin and ratoon canes) stood at **55,878** Ha for Crop 2016. Crop 2016 witnessed an effective drop in extent under cane by **1,546** hectares of cane land from last crop year. **Figure 1** below depicts the trend in harvest extent since Crop 2005.

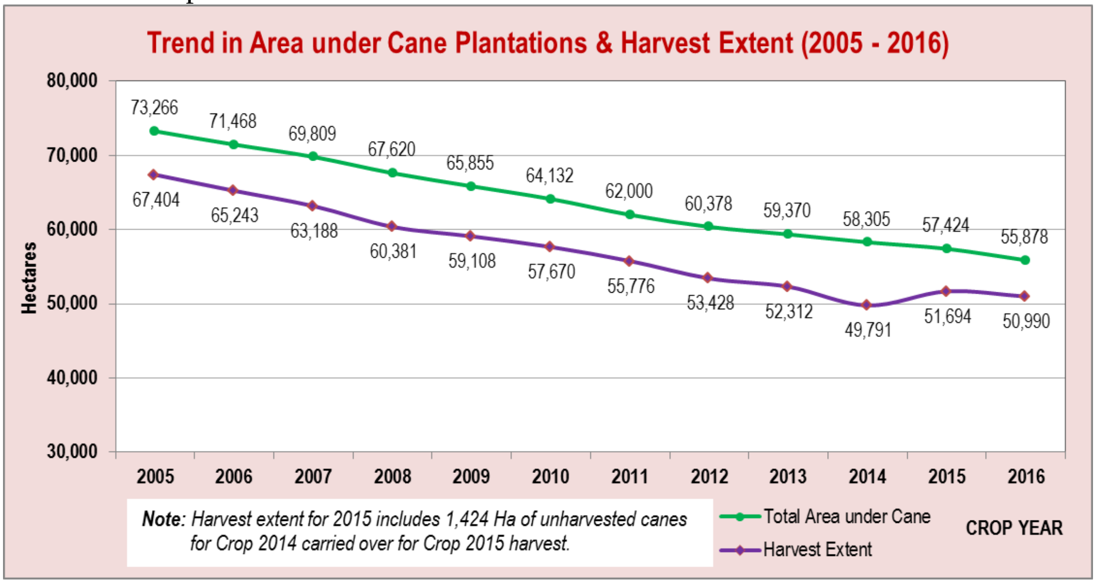

Figure 1

3.2 Milling operations for Crop 2016 first started at ALTEO factory on the 23rd May 2016 and ended with TERRA factory on 17th December 2016.

3.3 The total area harvested for Crop 2016 for milling purposes stood at **50,990** Ha compared to 51,694 Ha for Crop 2015. The highest harvest extent is seen in ALTEO enlarged factory with 19,832 hectares under cane harvested for milling whilst MĖDINE enlarged factory area had the lowest (4,605 Ha[1]).

3.4 The highest cane yield per hectare recorded at enlarged factory level is 80.72 T/Ha for MĖDINE, whilst ALTEO had the lowest cane yield (71.46 T/Ha). **Table 1** shows the harvest extent, cane weight and cane yield for each enlarged factory area.

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[1] *Crop 2016 harvest extent for Médine EFA is inclusive of 128 ha of Crop 2015 unharvested canes pertaining to Médine Sugar Estate that was carried over for harvest during this crop season.*

Table 1 – Harvest Extent and Cane Yield

Enlarged Factory Area	Harvest Extent (Ha)	Cane Weight (T)	Cane Yield [T/Ha]
TERRA	11,048	848,501	76.80
ALTEO	19,832	1,417,125	71.46
OMNICANE	15,505	1,161,303	74.90
MĖDINE	4,605	371,728	80.72
TOTAL	**50,990**	**3,798,657**	**74.50**

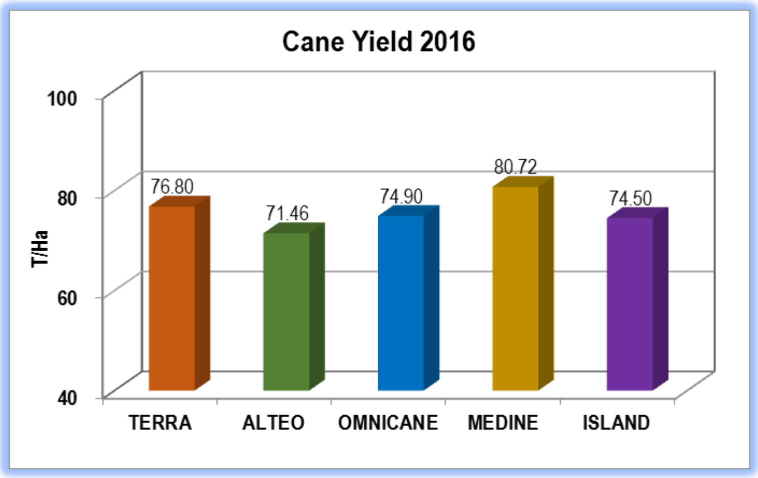
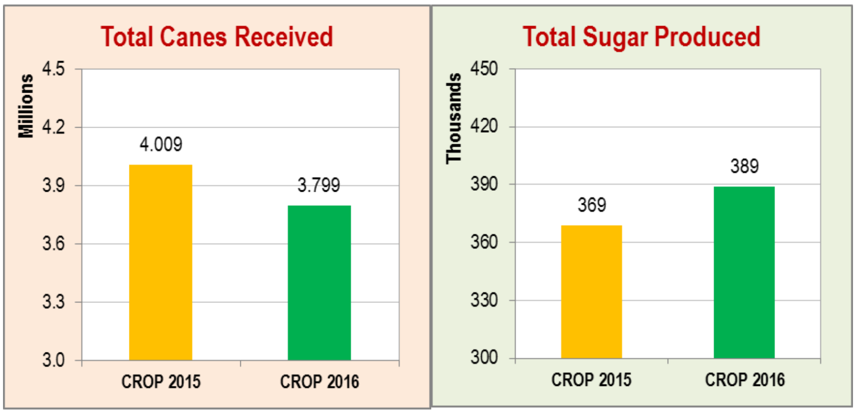


Figure 2

4.0 Sugar Production

4.1 The total tonnage of canes harvested and sent to mills for sugar production island-wide by planters for Crop 2016 is **3,798,657** tonnes, compared to 4,009,232 tonnes for the last crop season.

4.2 Though compared to last crop season, there has been a net decrease in tonnage of canes harvested by **210,575 tonnes**, the amount of sugar produced "*tel quel*" is **388,934** tonnes compared to 366,070 tonnes manufactured in 2015. This is attributed to sucrose accumulation being much better than the preceding crop as a result of favourable climatic, temperature and sunshine conditions. *Refer to Figures 3A & 3B below.*



Figures 3A & 3B

4.3 Island average sucrose content per tonne of cane crushed for Crop 2016 is 10.25% compared to 9.22% in 2015, a rise by 1.03 percent. The highest extraction rate was recorded at TERRA (11.11%) and the lowest at ALTEO (9.75%).

Table 2 – Final Assessment of Sugar

ENLARGED FACTORY	Crop **2016**	Crop 2015
TERRA	11.11	9.76
ALTEO	9.75	8.89
MEDINE	10.17	9.15
OMNICANE	10.41	9.42
ISLAND AVERAGE	**10.25**	**9.22**

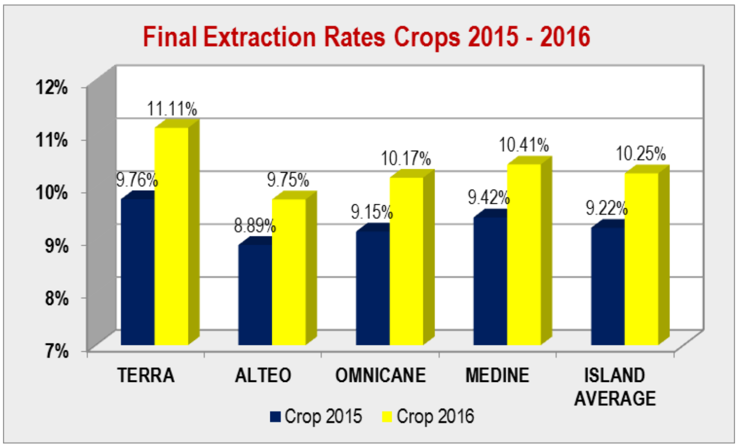


Figure 4

5.0 Number Of Sugar Producers

5.1 The total number of sugar producers (insureds) for Crop 2016 is **13,733**. This consists of:

(i) **13,729 planters/ métayers** consigning canes; and

(ii) **4 millers** each having a sugar accruing corresponding to 22% of sugar share from all canes consigned to mill by cane growers.

5.2 **842** planters have effectively moved out of business over the preceding crop year, representing an outflow of **5.8%** since last crop season. The trend in the number of sugar producers since 2005 is depicted at **Figure 4** below:

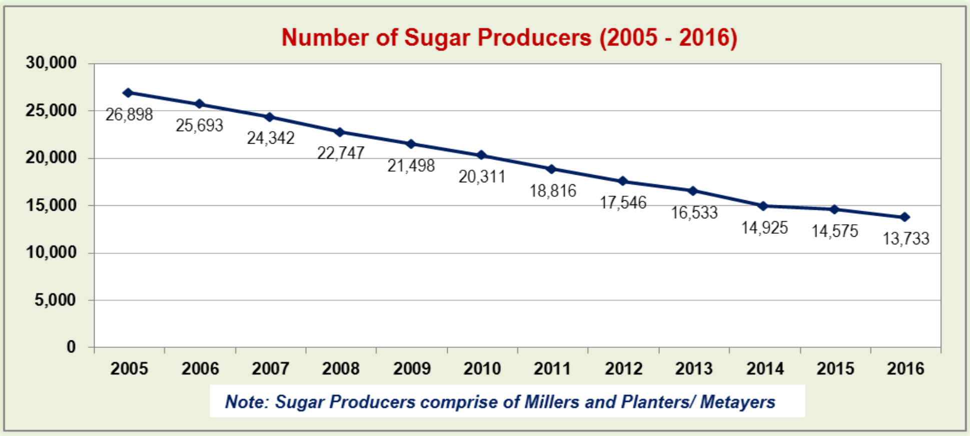


Figure 5

6.0 General Insurance

6.1 Sugar Price for Insurance

(i) In accordance with Section 47 of the SIF Act, the sugar price for insurance purposes in respect of Crop Year 2016 was determined at the rates of: **Rs. 15,946** per metric ton of sugar for growing side, inclusive of added value of molasses; and **Rs. 15,300** per metric ton of sugar for milling side.

6.1.1 These rates were published under General Notice No. 1886 of 2016 in the Government Gazette.

6.2 Declaration of Event Year

6.2.1 Section 25 (1) of the Sugar Insurance Fund Act provides that:-

"(1) Where, in any crop year, the total sugar accrued for a prescribed area is not more than the prescribed percentage of the total insurable sugar for the prescribed area on account of the occurrence of all or any of the following events –

(a) cyclone;

(b) drought; or

(c) excessive rainfall,

the Board may, not later than 28 February following that crop year, declare that crop year to be an event year on account of all or any of those events."

6.2.2 For the purpose of section 25(1) of the Act, regulations made by the Minister effective as from Crop Year 2015, as *gazetted* in General Notice No. 143 of 2015, provide that:

"(a) the area prescribed for computing the total sugar accrued shall be any enlarged factory area; and

(b) the prescribed percentage of the total insurable sugar shall be 83 per cent."

6.2.3 For Crop Year 2016, the total amount of sugar accruing was 389,238 tonnes against an island-wide Total Insurable Sugar of 437,279 tonnes, i.e. a sugar production of 89%. The sugar production and crop reduction percentages for each Enlarged Factory Area (EFA) were determined as follows:

Table 3 – Crop Reduction

ENLARGED FACTORY AREA	Total Insurable Sugar [T]	Total Sugar Accrued [T]	Sugar Production %	Crop Reduction %
TERRA	94,473	94,245	99.8%	0.2%
ALTEO	162,620	138,233	85.0%	15.0%
OMNICANE	133,845	118,047	88.2%	11.8%
MEDINE	46,342	38,713	83.5%	16.5%
ISLAND-WIDE	**437,279**	**389,238**	**89.0%**	**11.0%**

6.2.4 The total sugar accrued for all enlarged factory areas are more than 83% of their respective total insurable sugar for Crop Year 2016; hence no event year was declared in respect of any enlarged factory area.

6.3 **General Assessment**

6.3.1 Under the current insurance terms, the sugar production being more than the prescribed threshold of 83% of Total Insurable Sugar at the level of each EFA, no "Event Year" was declared; hence no general compensation payable for losses in sugar production.

6.3.2 The gross General Premium Income (GPI) receivable for the year was **Rs 230.13 Million** from all insureds. However, the Government Budget 2016/2017 has provided for an insurance premium waiver for 2016 crop to small planters, as cited below:
Financial resources equivalent to the total amount of insurance premium payable by planters with up to 60 tons of sugar accrued in respect of the 2016 sugar crop will be made available to the Sugar Insurance Fund Board (SIFB)."

6.3.3 This budgetary measure was implemented in accordance with regulations made under Section 51 of the Act to cater for such contribution to be made out of the Consolidated Fund in favour of SIFB. The regulation referred to as "*The Sugar Insurance Fund (Reduced General Insurance Premium) Regulations 2017*" was published in the Government Gazette as General Notice No. 51 of 2017.

6.3.4 Accordingly, an amount of **Rs 48 M** was contributed to the General Insurance Account of the Sugar Insurance Fund. **This measure provided a relief to 13,649 planters/métayers island-wide which represent 99% of a total of 13,733 insureds.**

7.0 Fire Insurance

7.1 **Inter-crop Fire 2016**

7.1.1 For Crop 2016, the total number of compensated fire cases caused by inter-crop fire was **189** representing a total extent of **198** hectares of canes was destroyed island-wide.

7.1.2 The number of compensable fire cases was more prominent in the North, followed by the South sector of the island. Inter-crop Fire compensation paid amounted to **Rs 8.245 M**.

7.2 **Fire during Harvest 2016**

The number of fire occurrences during harvest season was observed to be highly prominent in the North sector of the island. A total amount of **Rs 4.42 M** was disbursed to **142** eligible insureds as road transport allowance for milling of burnt canes outside their respective factories.

7.3 **Fire Insurance Account Status**

7.3.1 The loss ratio under the Fire insurance Account for Crop 2016 was **172.6%,** representing an island-wide compensation of **Rs 12.6 M** against an island-wide premium of **Rs 7.32 M**. The high loss ratio experienced is attributed to increased prominence of fire outbreaks in cane fields observed over the 2016 crop cycle and harvest season.

7.3.2 The Fire Insurance Scheme has been operating in constant deficit over the preceding crop years. The high loss ratio for Crop 2016 has accentuated the accumulated deficit to the Fire Fund which stands at **Rs 5.5 M** as at end of financial period 2017.

8.0 Market Outlook

8.1 The 2015 crop experienced continued price depression pursuant to 5 consecutive years of global market surplus. The world stock-to-consumption ratio was at a peak of 50.46% by the start of the campaign, compared with an average of 40.30% prior to the start of this surplus cycle in 2010/11. The price of raw sugar on the New York #11 exchange attained a low of US 10.42 cts/lb (US$ 230/tonne) on 21 August 2015, compared with US 15.97 cts/lb (US$ 352/tonne) at the same time a year ago.

8.2 The market trend in EU, the main export destination for Mauritius sugars, did not remain isolated; on the other hand, the downward price pressure was exacerbated by the effect of the announced production quota liberalisation as from October 2017. The average ex-works price of white sugar, published by the EU Commission, consequently continued falling, reaching a low of EUR 414 / ton in June 2015, compared to an average of EUR 452 / ton during the previous crop year and EUR 632 / ton in 2013/14. The ex-Syndicate price for the 2015 crop, Rs 13,735/ton for growing side and Rs 13,000/ton for the milling side, consequently remained below producers' viability price despite, compared to the previous campaign, the improvement in delivery costs and an increase in revenue from sales of high value special sugars.

8.3 The 2015 crop campaign also marked the end of the exclusivity Long Term Partnership Agreement, which the Mauritius Sugar Syndicate had signed with Sudzucker in 2008 for the sale of its white sugar in EU. It was replaced as from 1 October 2015 by new long term supply agreements, namely with Cristal Co in France and British Sugar in the UK, in addition to annual contracts with individual buyers in both EU and non-EU market destinations.

8.4 Although world market prices started improving as from the last quarter of 2015 as a new global deficit cycle kicked in for the 2015/16 campaign, most contracts, especially in EU, had unfortunately already been finalised.

8.5 According to the International Sugar Organisation, the world sugar consumption for the 2015/16 campaign would exceed projected production by some 5 M tons, with the stock-to-consumption ratio falling to 47.30%. Despite the high overhang of stock after 5 consecutive years of global surplus, the impact on world market prices is already apparent as the price of raw sugar on the New York #11 exchange reached the US 15s cts/lb by end 2015. The EU market has, moreover, been influenced by the reduced 2015 crop outturn among its beet producers, some 20% below the previous crop, thereby increasing pressure on spot prices. Should the prevailing market conditions persist, sales revenue for the following campaign should improve.

CORPORATE GOVERNANCE REPORT

1.0 Corporate Governance

Corporate Governance, a concept which exists for years has now become a main concern of many institutions (private or public), shareholders and regulators including policy makers. Corporate governance is of paramount importance to a company and is almost as important as its primary business plan.

- "Corporate governance defines a set of relationships between a company's management, its board, its shareholders and its stakeholders. It is the process by which directors and auditors manage their responsibilities towards shareholders and wider company stakeholders. For shareholders it can provide increased confidence of an equitable return on their investment. For company stakeholders it can provide an assurance that the company manages its impact on society and the environment in a responsible manner".

  Maier (2005)

- Corporate Governance is also define as "a method by which a firm is being governed, directed, administered, or controlled and to the goals for which it is being governed."

  Vallabhaneni (2013)

2.0 The New Code of Corporate Governance in Mauritius

The new Code of Corporate Governance 2016 has marked a new era in the Corporate Governance system for Mauritius. The code comprises a set of principles and guidance aimed at improving and managing the governance practices of organisations within Mauritius. It forms part of a larger body of existing laws, rules, regulations, principles and best practices. The Code recognises that scandals arising from poor governance that impact upon public interest entities should primarily be dealt with by legislation.

The goals of the Code of Corporate Governance in Mauritius are to identify "good" or "best" governance practices and provide specific benchmarks against which these can be monitored. This Code contains a number of key principles of effective corporate governance: accountability, transparency, responsibility and fairness.

3.0 The Sugar Insurance Fund Board (The Board)

The Board is the link between shareholders and the organization. As such, all organisations should be directed by an effective board which can lead and control the organization. The Board is the focal point of the corporate governance system and is ultimately accountable and responsible for the performance and affairs of the organization. The roles and responsibilities of the Board include interalia:

a) Determine the company's purpose, strategy and values.
b) Delegate authority to and empower the executive management to implement strategies, policies and plans approved by the board.
c) Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans.
d) Ensure that organization complies with all relevant laws, regulations and code of best business practice.
e) Determine a policy for the frequency, purpose, conduct and duration of its meetings and those of its formally established committees.
f) Ensure effective communication with relevant stakeholders.

The Sugar Insurance Fund is headed and administered by a Board as established under the Sugar Insurance Fund (SIF) Act. The fundamental statutory responsibilities of the Board of Directors are to lay down the overall policies regulating the various business/activities of the SIFB.

- **Vision**

To always have a community of planters happily engaged in a flourishing cane producing business.

- **Mission**

The mission of the Sugar Insurance Fund Board is to be a premier provider of sugar insurance service in the Republic of Mauritius guided by discipline in underwriting and claims, maintaining strict financial standards, excellent customer service and prudent expense management.

- **Objectives**

To insure the sugar production of planters, métayers, millers and refiners against losses occurring out of inclement weather namely cyclones, drought and excessive rainfall. Fire occurrence in sugar cane field is another risk covered by the SIFB.

The Board of Directors of the Sugar Insurance Fund is fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximizing long term value for all stakeholders. The Board is committed to attaining high standards of corporate governance and recognizes the importance of good governance to safeguard continual growth, success and to boost stakeholders' confidence.

- **Responsibilities of the Board of Directors**

The Board of Directors' key purpose is to ensure the company's success by collectively directing the company's affairs, whilst meeting the suitable interests of its stakeholders. In addition to business and financial issues, the Board of Directors deals with challenges and issues relating to corporate governance, and corporate ethics. The Board discharges the above responsibilities either directly or through Board Committees for more in-depth analysis and review of various issues while retaining its responsibility for all policy matters. The Chairman of each Committee periodically places reports of its proceedings before the Board for approval/information, as may be relevant.

The Board promotes openness, integrity and accountability to improve corporate behaviour, strengthens control systems over business and reviews performance on a regular basis. In addition the Board is committed to ensure as far as reasonably possible, and in accordance with legislation in force, the safety and health of its staff. To fulfill their responsibilities, Board members have unimpeded access to accurate, relevant and timely information.

The Directors acknowledge their responsibilities for:

(a) adequate accounting records and maintenance of effective internal control systems,
(b) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS),
(c) 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:

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

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

(c) the Code of Corporate Governance has been adhered to where applicable

(d) International Financial Reporting Standards have been adhered to.

4.0 The Structure of the Board and its Committees

The Board of SIFB consists of

(a) a Chairman, appointed by the Minister on such terms and conditions as the Minister may determine;

(b) a representative of the Ministry of Agro Industry & Food Security;

(c) the Director of Economic Planning or his representative;

(d) the Director of the Control and Arbitration Department of the Mauritius Cane Industry Authority;

(e) a representative of the Ministry of Finance;

(f) a representative of the Chamber of Agriculture appointed or designated by the Minister;

(g) four representatives of planters appointed or designated by the Minister;

(h) a representative of millers appointed or designated by the Minister;

(i) one representative of the Mauritius Cane Industry Authority

5.0 Meetings of the Board

(1) The Chairman shall preside at all meetings of the Board and in his absence from any meeting, the members present shall elect from among themselves a member to preside at that meeting and the member so elected shall, in relation to that meeting, exercise the functions and have all the powers of the Chairman.

(2) The quorum of the Board shall be 5.

(3) All Acts, matters or things authorised or required to be done by the Board shall be decided by a simple majority of the members present and voting at that meeting.

(4) At a meeting of the Board, each member shall have one vote on the matter in question and, in the event of an equality of votes, the Chairman shall have a casting vote.

(5) Subject to the other provisions of this section and any regulations made under this act, the Board shall regulate its meetings in such manner as it thinks fit.

Directors of the Board:

Mr V. Lochun	Chairman
Mr. G. Leung Shing	Representative of Mauritius Chamber of Agriculture
Mr. D. Bundhoo	Representative of Ministry of Finance and Economic Development,
Mr. J. Bundhoo	Representative of Mauritius Cane Industry Authority
Mr. D. Busgeet	Ag. Director, Control and Arbitration Department of the Mauritius Cane Industry Authority
Mr. J. Li Yuen Fong	Representative of Millers
Mr C. Dabydoyal	Representative of Planters
Mr V. Dewkurrun	Representative of Planters
Mr I. Jugroo	Representative of Planters
Mr S. Veerasamy	Representative of Planters
Mr V. Boodhna	Representative of Ministry of Agro-Industry and Food Security

Corporate profile

MR VIVEKANAND LOCHUN

CHAIRMAN (appointed in March 2015)

Born in 1962, Mr V. Lochun holds a degree in Engineering and an MSc in Electrical and Electronic Engineering. He has worked as Computer/Telecoms Engineer at Currimjee Jeewanjee Co Ltd, State Informatics ltd. He worked as Manager ICT at EPZDA, Enterprise Mauritius. Mr V. Lochun also worked as Managing Director of Pansoft Ltd. In addition, he worked as part-time lecturer at University of Mauritius. He was Consultant for International Trade Centre in Geneva. Mr Lochun worked as Consultant to the European Union Delegation in Mauritius, COMESA and Indian Ocean Commission. He has also been involved in the agriculture sector for a very long time and was founder member of Letchis Du Paradis Co-operative Society Ltd, of which he is, presently the President. He was also the President of APEXHOM. Mr V. Lochun is presently Special Adviser ICT and Advanced Technologies at the Ministry of Foreign Affairs, Regional Integration and International Trade after having held the same post at the Ministry of Finance and Economic Development for one year.

MR. GEORGES LEUNG SHING (appointed in September 1992)

DIRECTOR - Representative of the Mauritius Chamber of Agriculture

Born in 1945, Mr. G. Leung Shing holds a Bachelor's Degree in Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the UK Chartered Institute of Taxation. He is the Chairperson of the Mauritius Development Investment Trust Co Ltd, a director of PNL Ltd and also a member of the Audit Committee Forum of the Mauritius Institute of Directors (MIOD) and Advisory Council of the Chartered Institute of Financial Analysts Society Mauritius. He is a past Chairperson of Illovo Sugar Mauritius Ltd, the Mauritius Chamber of Agriculture and MIoD as well as Managing Director Omnicane Ltd (formerly Mon Trésor & Mon Désert Ltd) and has served as a Board member of companies in the banking, commerce, hotel, insurance and sugar sectors.

MR. DEOBRUT BUNDHOO (appointed in July 2001)

DIRECTOR – Representative of Ministry of Finance and Economic Development

Born in 1953, Mr. D. Bundhoo holds an MSc in Agricultural Economics from the University of Reading, UK.

MR. JUGDIS BUNDHOO (appointed in July 2009)

DIRECTOR – Representative of Mauritius Cane Industry Authority

Born in 1954, Mr. J. Bundhoo holds a BSC Joint Honours degree in Chemistry and Physiology from the University of Salford, an MSC in Soil Chemistry from the University of Reading and an MSC in Information Science from City University. He is the Chief Executive Officer of the Mauritius Cane Industry Authority.

MR. DEVENDRA NATH BUSGEETH (appointed in September 2014)

DIRECTOR – Representative of Control and Arbitration Department

Born in 1958 Mr D.N. Busgeeth holds a BSc Honors in Sugar Technology from the University of Mauritius. He is the Acting Director of the Control and Arbitration Department.

MR. JEAN LI YUEN FONG (appointed in June 2012)

DIRECTOR – Representative of Millers

Born in 1955, Mr. Jean Li Yuen Fong holds a Diploma in Agriculture and Sugar Technology (1976) from the University of Mauritius. He was the Director of the Mauritius Sugar Producers' Association until the dissolution of the organization in November 2015. Since January 2016, he is Director of TY Consulting Ltd. He is a Board Member of the Mauritius Cane Industry Authority, the Mauritius Sugar Syndicate, Business Mauritius and the Sugar Industry Pension Fund. He is also the Chairman of the Regional Training Centre and a Director of the Sugar Association Building Ltd.

MR. CHABEELALL (SEN) DABYDOYAL (Appointed in April 2015)

DIRECTOR – Representative of Planters

Born in 1960, Mr C. Dabydoyal is the Secretary of the Medine Camp de Masque Cooperative Credit Society, the Queen Victoria Multipurpose Cooperative Society Ltd and the La Queen Agricultural Cooperative Society Ltd.
He worked as Senior Test Chemist at the former Cane Planters and Millers Arbitration and Control Board. He was the Board Chair of Fairtrade Southern Africa Network and Director of the Board of Fairtrade Africa (November 2013 to February 2016).

MR. VIDHIANUND DEWKURRUN (appointed in March 2015)

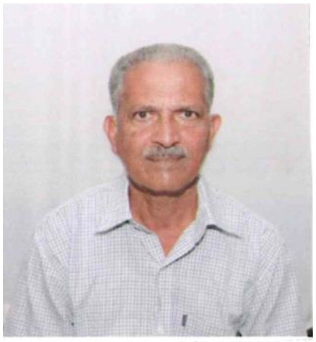
DIRECTOR – Representative of Planters

Born in 1936, Mr V. Dewkurrun was employee at Highlands Sugar Estate in accounting department for 40 years. He is a social worker and also member of Mauritius Arya Sabha and Mauritius Council Social Service (MACOSS). He was honoured "Citoyen D'honneur" of Moka Flacq District Council in 1991 and honoured as O.S.K by President of Mauritius in 1999.

MR. ISHWURDUTH JUGROO (appointed in March 2015)

DIRECTOR – Representative of Planters

Born in 1951, Mr I. Jugroo is a small sugarcane planter from Holyrood, Vacoas. Mr I. Jugroo is also the founder member of the Mauritius Planters Association (MPA), now called the Mauritius Planters Agricultural By-Products Processing Co-operative Society Ltd, where he served as Treasurer, Secretary and President for the last four decades. He is also one of the founder members of the Holyrood Co-operative Thrift and Credit Society founded in 1983. Furthermore, Mr I. Jugroo was awarded President's Certificate of Honour for the long and meritorious service as civil servant.



MR. SHYAMNATH VEERASAMY (appointed in March 2015)

DIRECTOR – Representative of Planters

Born in 1947, Mr S. Veerasamy holds a BSc Hons. in Meteorology from Reading University, England and a MSc Agricultural Physics from McGill University, Canada. He was Deputy Director of Mauritius Meteorological Services. Mr S. Veerasamy is the author of (i) "A Report on Climate Variability and Sugar Production in Mauritius", (ii) "Comments on Reexamination of Tropical Cyclone Wind-Pressure Relationship" and co-author of "Climate Variability, Agriculture and Forestry: An Update". He has been a sugarcane planter since 2004.

MR. VEERSINGH BOODHNA (appointed in March 2015)

DIRECTOR – Representative of Ministry of Agro Industry and Food Security

Born in 1963, Mr V. Boodhna holds a BSc (Hons) in HRM from University of Technology (Mauritius) and a Master in Public Policy and Administration from University of Mauritius.. He has worked as Assistant Permanent Secretary at (i) Prime Minister's Office (Home Affairs), (ii) Ombudsman's Office, (iii) Ministry of Fisheries, (iv) Ministry of Tourism and Leisure, (v) Ministry of Health and Quality of Life and (vi) Office of the President. He has also worked as Deputy Permanent Secretary at Prime Minister's Office (Home Affairs) and is presently posted at Ministry of Agro-Industry and Food Security. Mr V. Boodhna was appointed as Director of SIFB on 31 March 2015.

6.0 Committees of the Board

Board Committees are a mechanism to assist the Board and its Directors in discharging their duties through a more comprehensive evaluation. Each Board Committee has a mandate approved by the Board.

- *Corporate Governance Committee & IT Committee*

The Corporate Governance Committee is chaired by the Chairman of the Board and has as members Chairmen of all Committees. Its main function is to ensure compliance with good corporate governance practice. The IT Committee shall formulate and approve IT policy, strategies and specific project and make such recommendations to the Board as necessary.

- *Investment Committee*

The Committee established by the Act is presided over by the Chairman of the Board and comprises (i) Mr. G. Leung Shing, and (ii) Mr. J. Li Yuen Fong and (iii) Mr D. Bundhoo as members, and has as attributes the investment strategies of the SIFB.

- *Assessment Committee*

The Assessment Committee comprising of Mr J. Bundhoo as Chairman, Mr D.N. Busgeeth, Mr C. Dabydoyal and Mr S. Veerasamy, reviews and formulates policies regarding the General and Fire insurances. The Committee further makes recommendations to the Board for declaration of "event years" and oversees the general assessment process.

- *Audit and Risk Management Committee*

The Audit and Risk Management Committee comprising of Mr. G. Leung Shing as Chairman, Mr. S. Veerasamy and Mr. V. Dewkurrun, oversees the Internal Audit and Internal Control functions and reviews the effectiveness of the internal and external audit process. The Committee assesses and addresses risks inherent to the business.

- *Budget and Procurement Committee*

The Budget and Procurement Committee comprising of Mr. J. Li Yuen Fong as Chairman, Mr. D. Bundhoo, Mr. I. Jugroo and Mr. V. Dewkurrun, through budgetary control monitors the annual expenditure and ensures procurement of goods and services through established procedures.

- *Staff Committee*

The Staff Committee comprising of the Chairman of the Board, Mr V. Boodhna, Mr. D.N. Busgeeth and Mr. I. Jugroo, deals with all staff matters taking into account the dynamics of socio-economic and technological developments facing the sugar cane and insurance and related industries, in Mauritius and world-wide.

The Board and its various committees met on **30** occasions during the period 1January 2016 to 30 June 2017.

Board Directors	Board meeting	Investment Committee	Assessment Committee	Audit Committee	Budget & Procurement Committee	Staff Committee	CGC & IT Committee	Total
Mr V. Lochun	16/16	4/4	n.a	n.a	n.a	5/5	1/1	**26**
Mr V. Boodhna	12/16	n.a	n.a	n.a	n.a	5/5	n.a	**17**
Mr D. Bundhoo	14/16	4/4	n.a	n.a	2/2	n.a	n.a	**20**
Mr J. Bundhoo	16/16	n.a	1/1	n.a	n.a	n.a	1/1	**18**
Mr D.N. Busgeeth	13/16	n.a	1/1	n.a	n.a	5/5	n.a	**19**
Mr C. Dabydoyal	15/16	n.a	1/1	n.a	n.a	n.a	n.a	**16**
Mr V. Dewkurrun	14/16	n.a	n.a	1/1	2/2	n.a	n.a	**17**
Mr I. Jugroo	15/16	n.a	n.a	n.a	2/2	5/5	n.a	**22**
Mr G. Leung Shing	16/16	4/4	n.a	1/1	n.a	n.a	1/1	**22**
Mr J. Li Yuen Fong	16/16	3/4	n.a	n.a	2/2	n.a	1/1	**22**
Mr S. Veerasamy	15/16	n.a	1/1	1/1	n.a	n.a	n.a	**17**

Key: ***n/a – not applicable***

7.0 Remuneration of Directors

Directors' fees are fixed in accordance with section (5) (3) of the SIF Act No 4 of 1974. Details from Jan 2016 to June 2017 are given below:

Board Directors	Total fees (in MUR)
Mr V. Lochun	1,260,000
Mr. D. Bundhoo	450,000
Mr. J. Bundhoo	450,000
Mr D. Busgeeth	450,000
Mr G. Leung Shing	450,000
Mr. J. Li Yuen Fong	450,000
Mr. C. Dabydoyal	450,000
Mr V. Dewkurrun	450,000
Mr I. Jugroo	450,000
Mr S. Veerasamy	450,000
Mr V. Boodhna	450,000

8.0 Role of the General Manager and Secretary to the Board and Board Committees

General Manager

As per the SIF Act, the Board shall with the approval of the Minister, appoint a General Manager who shall be the Chief Executive Officer (CEO) of the Board. The CEO is responsible for the execution of the policy of the Board and for the control and management of its day to day business. The function of the General Manager is clearly demarcated from that of the Chairperson.

Secretary to the Board and Board Committees

The Administrative Secretary acts as the Secretary to the Board and its Committees. The Secretary endeavoured to ensure that the Authority complies with its constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board.

Senior Management Profile

RAJUN **JUGURNATH**, *Chief Executive Officer*

Designated 'Man of the Year 2008' by "Le Defi Media Group, Dr. Rajun Jugurnath is presently the CEO of Sugar Insurance Fund Board. Prior to that, he was the Officer-in-Charge of the Public Sector Efficiency Bureau, Ministry of Financial Services, Good Governance and Institutional Reforms. In June 2002, Dr. Rajun Jugurnath was appointed Director of Audit, at the National Audit Office where he retired after a career extending over 40 years in the civil service.

Dr Rajun is a Fellow of ACCA, holder of a PhD, an MBA, and a Certificate in Company Directorship from the Institute of Directors of New Zealand. In 1991 he was appointed Director of Management Audit Bureau, Ministry of Finance where he stayed in post, for 11 years.

Dr Rajun served as Council Member of ACCA in London, for six years, President of ACCA Mauritius for 3 consecutive years and represented Mauritius on the Executive Board of Eastern, Central and Southern African Federation of Accountants (ECSAFA. He is also a member of the American Management Association (AMA), and member of All India Management Association (AIMA).

YUNGKIONG JIMMY **NEWKFONHEYTOW**, *Chief Operations Officer*

Mr. J Newkfonheytow holds a BSc in Computer Science and enrolled as an Associate Member of the Society of Actuaries, North America. He joined the SIFB in May 1998 as Claims Manager and is presently the Chief Operations Officer.

GAOUTAM **GOOROOCHURN**, *Chief Finance Officer*

Mr. G. Gooroochurn, FCCA, holder of an MBA, joined the SIFB as Manager Finance in September 2006. He was assigned responsibilities of Chief Manager Finance on 10 September 2007 and appointed substantively as Chief Manager Finance as from 5 June 2008.

MOHAMED YASHIN MOHAMED AREFF FAREED ESMAEL **PEERMAMODE,** *Senior Software Engineer*

Mr M Y Peermamode holder of a Diploma in Information Technology joined the SIFB as Senior Software Engineer in October 1997.

BANEETA **RAMDHONY**, *Administrative Secretary*

Mrs. B. Ramdhony holds a BSc in Public Administration and Management and a Masters in Business Administration (General), both from the University of Technology, Mauritius (UTM). She joined the SIFB on 14 November 2014. She was an Administrative Manager in the private sector for some 10 years preceding her appointment at the SIFB.

MOHAMMAD AMEEN ISHACK **NOORMAHOMED**, *Internal Auditor*

Mr. M. A. I. Noormahomed, FCCA, holds a BSc (Hons) in Economics & Accountancy from City University (UK) and is registered as a professional Accountant with the Mauritius Institute of Professional Accountants. He joined the SIFB on 22 October 2009 as Manager (Finance). He was appointed as Internal Auditor on 19 November 2012.

SOO SHUING **CHONG CHAP SIN**, *Senior Network & Systems Administrator*

Mr. S.S. Chong Chap Sin holder of an MBA and BSc in Electronic Engineer joined the SIFB as Senior Network Engineer in November 1997.

RAJSHREE DEEPTEE **BOODHOO**, *Manager (Finance)*

Mrs. R. D. Boodhoo holds a BSc (Hons) in Banking and International Finance from the University of Technology of Mauritius and a MSC in Finance and Investments from Nottingham University. She joined the SIFB on 26 October 2009.

JAYENDRA **SOOKDEB**, *Operations Manager*

Mr. J. Sookdeb holds a BSc Statistics from the University of Cape Town and an Executive MBA from the European Business School (Paris). He is currently registered as an Associate member of the Institute and Faculty of Actuaries, UK. He joined the SIFB as Claims Manager in April 2009 and is presently the Operations Manager.

SASAN **BUTON**, *Land Surveyor*

Mr. S. Buton joined the SIFB in May 1976 and is presently the Land Surveyor. He is the Board's current representative of the Land Conversion Committee of the Ministry of Agro-Industry and Food Security since August 2013.

9.0 Code of Conduct and Ethics for Staff of SIFB

The code of conduct for Staff of SIFB which was approved by the Board in 2006 provides guidance concerning the standards of ethical conduct by employees of the SIFB. The Code outlines the broad principles of legal and ethical business conduct embraced by the SIFB as follows:

(i) Ethical principles and organization values
(ii) Conflicts of interest
(iii) Confidential information
(iv) Business conduct
(v) Civic rights
(vi) Procedures for reporting illegal or unethical behavior

10.0 Risk Management

Risk exposure for an insurance company can be defined as a contingency event, chain of events or bad management which can by itself, or by accumulation, seriously affect the annual results of the insurer and in extreme cases make it unable to meet its liabilities. Risks for an insurance operation are typically categorized as insurance risk and market risk. Among other risks are currency exchange risk, liquidity risk, counter party and concentration risk and operational risk.

Structures and processes for risk management

The risk management approach is primarily top down with the Board, among other responsibilities, overseeing the risk governance system and setting the risk appetites and tolerances in line with our objectives, and plans. The Board is thus ultimately responsible for ensuring prudent risk management.

The Board has delegated its oversight responsibility to the Audit & Risk Committee. Senior Management is responsible for designing a sound risk governance system and implementing it effectively. Senior management works in close collaboration with the Risk and Audit Committee.

The Risk and Audit Committee consists of three members of the Board of SIFB namely:

- Mr Georges Leung Shing, as Chairman
- Mr Shyamnath Veerasamy
- Mr Vidhianund Dewkurun, OSK

Management of key risks

The key risk elements are grouped into a few categories: Insurance, Market, and Operational risks.

- ***Insurance Risk***: One of the main activities of the SIFB is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a certain future event where the timing of the occurrence is uncertain.
- ***Market Risk***: Market risk arises due to the potential for loss in connection with changes in market prices and variables. It encompasses interest rate risk, inflation risk, equity risk, and currency risk. The most material market risks are interest rate risk and equity risk.
- ***Operational Risk***: Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks are inherent in all business activities and have divergent forms. Key operational risks include:

The other risk elements are:

- ***Human Capital Risk***: Risk of losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc. An internal health and safety policy has been set up to ensure that these risks are minimized through control, follow-up and communication procedures. The Human Resources Department ensures compliance with employment laws and regulations.

- ***Compliance Risk***: The risk that the procedures and controls needed to ensure compliance with applicable laws, rules, regulations and company-specific policies fail. This risk includes the potential to incorrectly interpret laws or regulations. The Operation and Administration Departments ensure that SIFB meets its legal and regulatory obligations to promote and sustain a culture of compliance.

- ***Technology risk***: The risk of loss caused by piracy, theft, failure, collective breakdown or other disruption in technology, data or information. It includes hardware and software failures, system development and infrastructure issues. The ERM framework of SIFB fosters the systematic and consistent management of technology risks by setting up policies, standards, procedures and adapted contingency plans.

- ***Interest rate risk:*** The risk arising from changes in interest rates or the prices of interest rate related securities and derivatives, impacting on SIFB's earnings or economic value of equity. SIFB'S policy is to invest most of its excess liquidity in deposits and bonds. As a consequence, SIFB holds a large portfolio of deposits and bonds and most of the SIFB's interest rate risk stems from this portfolio.

- ***Exchange rate risk***: The risk that changes in the relative value of certain currencies will reduce the value of investments denominated in a foreign currency. SIFB's base currency is Rupee and a large number of our investments in other currencies therefore implies an extra risk as they may vary in value over time relative to the Rupee. Given the uncertainty of currency fluctuations, SIFB´s policy is to maintain a low currency risk.

- Equity risk: The financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks. SIFB's risk policy restricts equity positions to listed and liquid shares. SIFB, however, occasionally holds unlisted shares.

- ***Liquidity Risk:*** the risk of loss resulting from
    - increased funding costs
    - a lack of funding to meet SIFB's commitments

The current investment policy ensures that sufficient funds are available. The aim is for two years´ maximum claims and costs to be available at all times. In addition, large share of investments are highly liquid market securities. SIFB's liquidity is monitored and managed by Finance Section in accordance with the limits set by the Board of Directors. The Finance Section is responsible for reporting and monitoring liquidity.

The risk management policies and structures have been designed in order to ensure that business activities are carried out in a sound manner, as well as the range and depth of risks faced. The Board acknowledges that ultimately, it has the responsibility to ensure that risks are properly identified and managed, with other functions being mandated to provide clear and coherent assistance to help it in the fulfillment of its duties.

However, the risks faced cannot be wholly eliminated. The systems, structures and policies designed can only provide reasonable but not absolute assurance against the risk of material misstatement, fraud or loss. Key policies, processes and independent controls have been put in place to provide assurance to the Board on the effectiveness of our systems of risk management.

11.0 Equal Opportunity Policy

In line with the requirements of the Equal Opportunity Act 2008 and good governance practices, the SIFB has established an Equal Opportunity Policy to safeguard employees and prospective recruits against the risks of discrimination and to promote recruitment, selection, training and employment based on merit.

12.0 Complaints Policy

In line with good corporate governance, the SIFB has formulated a Complaints Policy and designated a Complaints Coordinator to ensure that complaints and representations from our insureds/stakeholders are dealt with promptly and systematically.

13.0 Health & Safety

The SIFB has on its establishment, a Health and Safety Officer to ensure compliance to health and safety policies / regulations. A Health and Safety Committee meets regularly.

14.0 Related Party Transactions & Key Risks

Related party transactions and key risks areas have been fully disclosed in the financial statements.

15.0Legal Advisers

(i) Andre Robert, Jr., Attorney-at-Law
(ii) Attorney-General’s Office

16.0 External Auditors

Director of Audit, National Audit Office

Acknowledgement and Thanks

The SIFB wishes to thank the staff for their contribution and the other organisations for their collaboration.

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE UNDER SECTION 75(3)

OF THE FINANCIAL REPORTING ACT

Name of Public Interest Entity: **Sugar Insurance Fund Board**

Reporting Period: **18 months ended 30 June 2017**

We, the Directors of Sugar Insurance Fund Board, confirm that to the best of our knowledge:

(i) The Sugar Insurance Fund Board has complied with all its obligations and requirements under the Code of Corporate Governance.

SIGNED BY:

Chairperson and one Director

Names:

……………………………………..
Chairperson

……………………………………………..
Director

Dated: 24 May 2018

ADDRESS OF OFFICES

Head Office

18 Sir S. Ramgoolam Street
Port Louis
Tel: 208-3236
Fax: 208-2634
E-Mail: s.i.f.b@intnet.mu
Website: www.sifb.mu

Sub-Offices	Address	Factory Areas
Bon Accueil	FSC Building Royal Road Bon Accueil Tel: 418-1967	Beau Champ Constance Mon Loisir
Mare D'Albert	18 Royal Road Mare D'Albert Tel: 627-4026	Savannah Mon Trésor Riche En Eau Rose Belle
Pamplemousses	Royal Road Maison Blanche Pamplemousses Tel: 243-3542	Belle Vue Saint Antoine Beau Plan
St Pierre	FSC Building Royal Road St Pierre Tel: 433-5177	Fuel
Souillac	Royal Road Souillac Tel: 625-5691	Union St Aubin Britannia St Félix Bel Ombre
Vacoas	Independence Road Vacoas Tel: 696-6386	Médine Highlands Mon Desert Alma Reunion

FINANCIAL PERFORMANCE

The 18 months period under review (ending 30 June 2017) showed a net deficit of MUR 94.04M (General and Fire) compared to a net deficit of MUR 619.2M for the year ended 31 December 2015. The deficit is mainly attributable to the provision made for payment of financial assistance for crop 2017; nonetheless lower than the previous reporting period due to crop 2016 being a non-event year for general insurance purposes, coupled with gains on revaluation of investment properties and profits on sale of securities quoted on the local stock market. However, exchange losses; more particularly on US dollar holdings have been realised on foreign currency translation at period end.

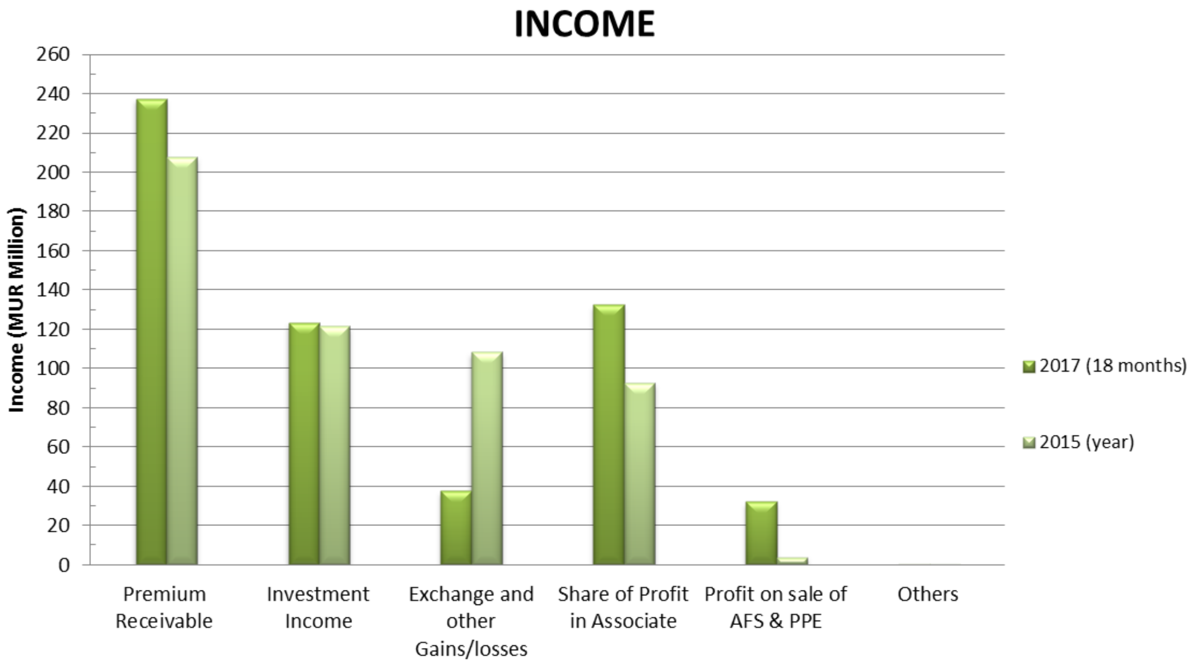
Summary of Income and Expenditure

Item	General Fund MUR Million	Fire Fund MUR Million	Total MUR Million
Gross Insurance Premium	230.1	7.3	237.4
Insurance compensation payable	-	(12.6)	(12.6)
Surplus/(Deficit) on Insurance Account	**230.1**	**(5.3)**	**224.8**
Other Income	343.2	-	343.2
Assistance to Insureds	(447.0)		(447.0)
Other Expenses	(214.9)	(0.2)	(215.1)
Net Deficit	**(88.6)**	**(5.5)**	**(94.1)**

Income

Insurance premium received, investment income, share of profit of Associate, gain on revaluation of investment properties and profit on sale of quoted securities form the bulk of the Fund's income amounting to MUR 580.6M for the period under review.

The composition of income is shown below:



Insurance Premium

Gross Insurance Premium (General and Fire) for crop year 2016 received during the period amounted to MUR 237.4M compared to MUR 207.9M for the previous crop year. The increase is mainly attributable to a higher weighted average sugar price for crop 2016.

Premium Income

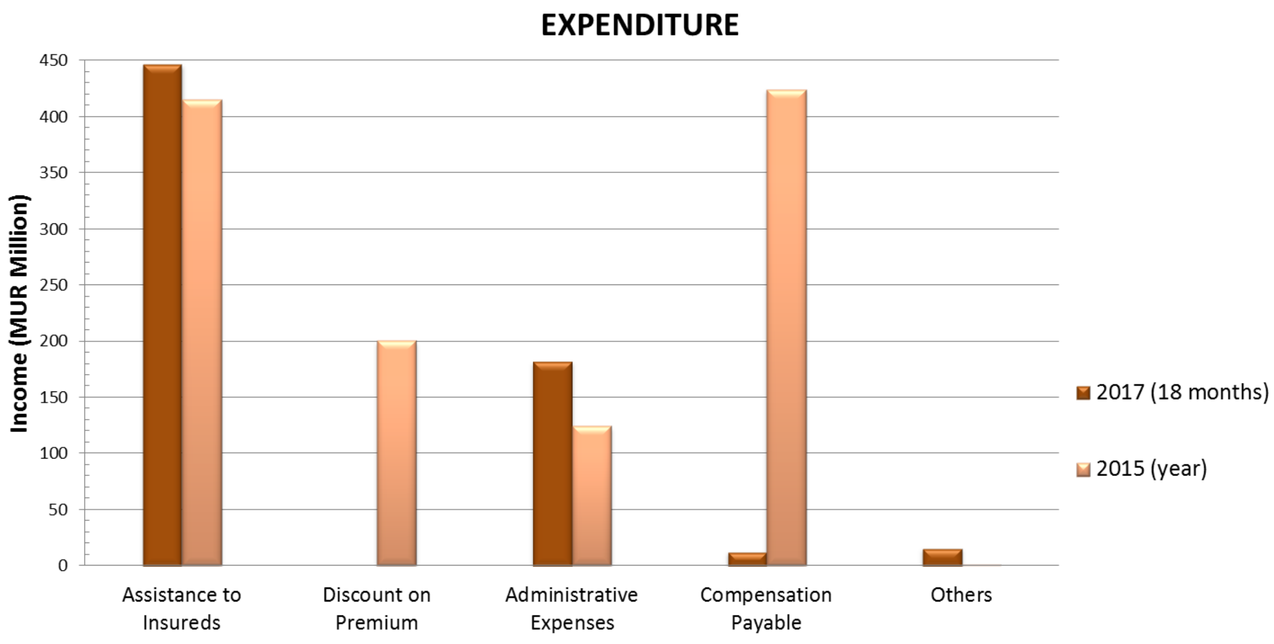
Premium (Gross)	Total MUR Million
General	230.1
Fire	7.3
Total	237.4

Investment Income

Investment income (Interest and Dividend) totaling MUR 123.1M for the 18 months period; pro-rated to MUR 82.1M over a 12 month period was down by 32.4%. The downturn is a direct effect of lesser funds now available for investment purposes after the disbursement in the current period of some MUR 821.6M as financial assistance and general insurance compensation for crop 2015, coupled with insignificant yield available on foreign currency deposits.

Expenditure

The overall expenditure of the Fund for the period was MUR 674.7M compared to MUR 1,154.3M for the previous year. In contrast to the financial year 2015; where a total provision of some MUR 607.5M was made for general insurance compensation and waiving of total general insurance premium for crop 2015, none of these were incurred in this reporting period in respect to crop 2016.



Accumulated Fund

The Accumulated Fund, comprising of the General Fund and the Fire Fund, regressed from MUR 3,815.9M to MUR 3,654.9M during the period, representing a reduction of 4.2%.

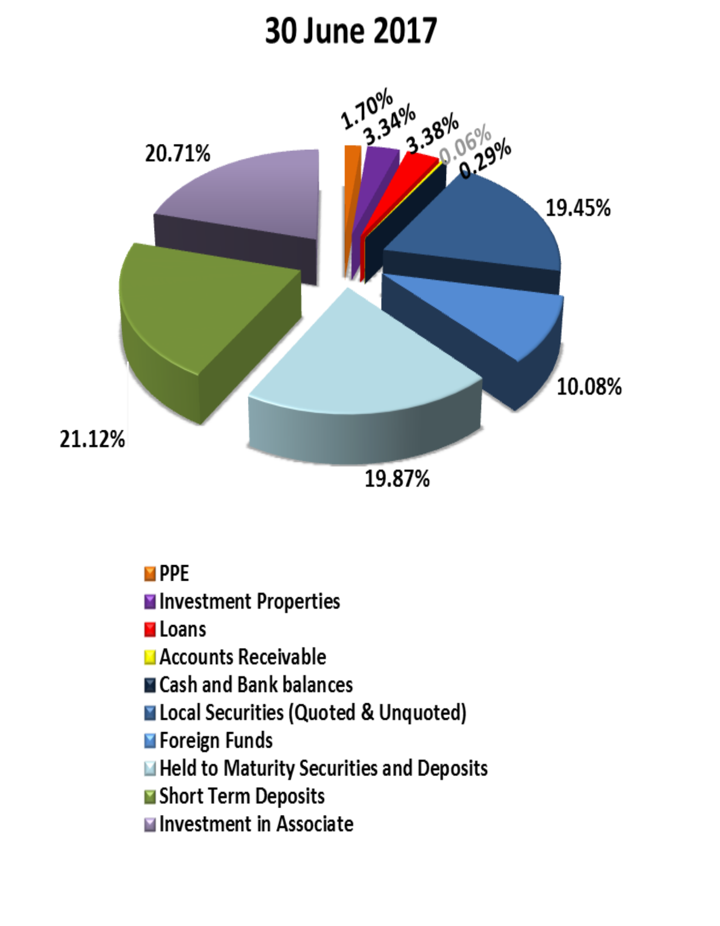
Accumulated Fund

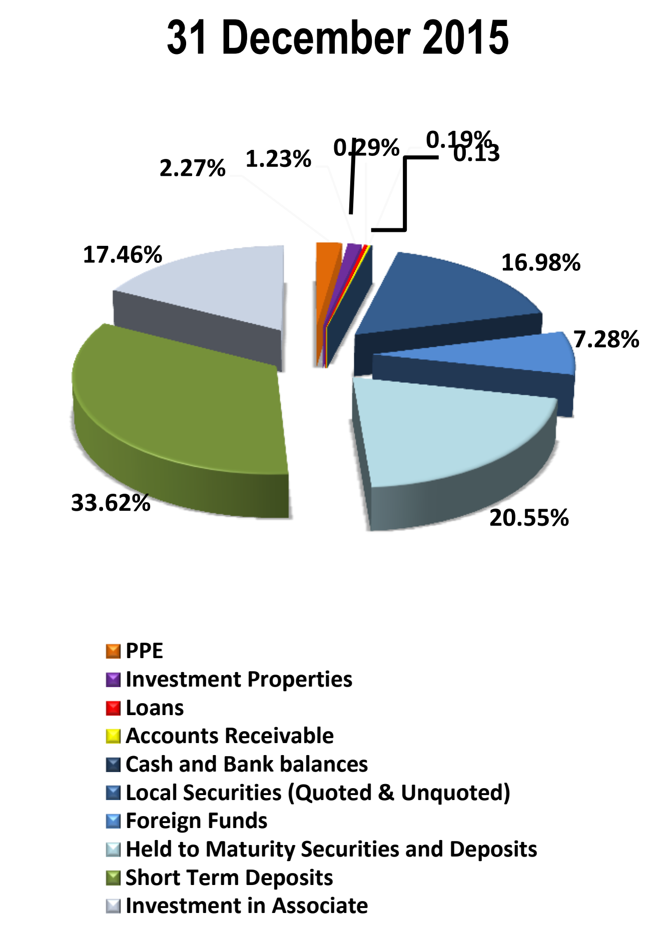
Fund	Total MUR Million
General	3,660.6
Fire	(5.7)
Total	3,654.9

Assets under management

Despite the fact that 14.7% of the Fund's total assets had to be used in the period under review to assist Insureds in respect to crop 2015, the Fund's total assets under management decreased by only 5.73% from MUR 5.58 billion last year to MUR 5.26 billion at 30 June 2017.

A breakdown of total assets under management is shown below:





Report of the Director of Audit

REPORT OF THE

DIRECTOR OF AUDIT

On the Financial Statements
of the Sugar Insurance Fund Board
for the 18-month period ended 30 June 2017

NATIONAL AUDIT OFFICE

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT
TO THE BOARD OF THE
SUGAR INSURANCE FUND BOARD

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the Sugar Insurance Fund Board, which comprise the statement of financial position as at 30 June 2017, and the statement of profit and loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the 18-month period then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Sugar Insurance Fund Board as at 30 June 2017, and of its financial performance and its cash flows for the 18-month period then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Sugar Insurance Fund Board in accordance with the INTOSAI Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

14th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis – Mauritius
Tel.: 212 2096-97/ 211 0882 Fax: (230) 211 0880

Valuation of Financial Assets

Refer to Notes 2.12, 2.17 (a), 27.2 and 27.3 to the financial statements.

As at 30 June 2017, the Fund had financial assets of some Rs 3.9 billion. These assets comprised 'Held-to-maturity' investment, Quoted / Unquoted 'Available-for-sale' investments, and 'Loans and receivables' including foreign currency deposits with banks. The carrying value of these financial assets was stated at amortised cost / cost / fair value. For foreign currency deposits, they were translated to their rupee equivalent at the highest buying rate of exchange from the Fund's main bankers and the Bank of Mauritius.

Given the significance of the value of financial assets (74 per cent of total assets) in the financial statements and judgement applied by management to risks exposure of the financial instruments, I have identified the valuation of financial assets as a Key Audit Matter.

How my audit addressed the Key Audit Matter

I tested the design and implementation of controls in determining the valuation of investment. Adjustments made, and management control procedures with regard to authorisation, recording and accounting of transactions were tested on a sample basis.

The assumptions and analysis made to the various risks exposure on investments were tested and found to be reasonable. The current investment mix and yield were also analysed and tested, and their impact on future cash flows were found to be adequate.

I requested third party confirmation for each investment. The valuation of investments at period end as regards price of shares, revenue received and receivable was checked for accuracy, and currency translation was re-performed.

For all new investments during the period, I checked for authorisation and ensured that the title of investment was in the name of the Fund.

I also assessed the adequacy of the disclosures in the financial statements including key assumptions and judgements.

Based on the work performed and the evidence obtained, I conclude that the valuation of investments and the disclosures were reasonable and adequate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Sugar Insurance Fund Board for the 18-month period ended 30 June 2017, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Sugar Insurance Fund Board'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 management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Sugar Insurance Fund Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Sugar Insurance Fund Board's internal control.

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

- Conclude on the appropriateness of management's 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 Sugar Insurance Fund Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Sugar Insurance Fund Board 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them. This responsibility includes performing procedures to obtain audit evidence about whether the Sugar Insurance Fund Board 's expenditure and income have been applied to the purposes intended by those charged with governance. Such procedures include the assessment of the risks of material non-compliance.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

The financial statements for the 18-month period ended 30 June 2017 were received at my Office on 24 October 2017. Following examination of the financial statements, a few amendments had to be made. The amended financial statements were submitted on 5 June 2018.

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Act.

Financial Reporting Act

The Directors are responsible for preparing the Corporate Governance Report. My responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In my opinion, the disclosure in the Annual Report is consistent with the requirements of the Code.

K.C. TSE YUET CHEONG (MRS)
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

6 July 2018

Financial Statements

2017

STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

ASSETS	Notes	30 June 2017 MUR	31 December 2015 (Restated) MUR
NON-CURRENT ASSETS			
Property, plant and equipment	4	87,090,951	123,094,105
Intangible Assets	5	2,455,404	3,440,176
Investments in securities and deposits	6	2,465,582,365	1,583,339,316
Investment in Associate	7	1,088,220,390	973,459,502
Investment property	8	140,350,000	68,500,000
Long term loans	9	9,442,220	8,756,219
		3,793,141,330	**2,760,589,318**
CURRENT ASSETS			
Accounts receivable	10	15,287,334	10,320,526
Investments in securities and deposits	6	130,299,421	915,373,124
Investment property held for sale	11	35,000,000	–
Short term loans	12	168,163,843	7,412,000
Cash and cash equivalent	13	1,113,324,668	1,881,850,793
		1,462,075,266	**2,814,956,442**
TOTAL ASSETS		**5,255,216,596**	**5,575,545,760**
LIABILITIES			
CURRENT LIABILITIES			
Account payable	14	459,314,489	837,090,409
Short Term employee benefits	15	4,612,734	4,696,263
		463,927,223	**841,786,672**
NON-CURRENT LIABILITIES			
Provision for staff passage benefits	16	3,455,747	5,122,638
Long term employees benefits	15	41,514,610	40,545,012
Retirement benefit obligations	17	243,852,487	168,632,116
		288,822,844	**214,299,766**
TOTAL LIABILITIES		**752,750,067**	**1,056,086,438**
NET ASSETS		**4,502,466,529**	**4,519,459,322**
NET ASSETS / EQUITY			
Accumulated funds		3,654,924,787	3,815,920,971
Revaluation reserves		847,541,742	703,538,351
TOTAL NET ASSETS / EQUITY		**4,502,466,529**	**4,519,459,322**

Approved by the Board of Directors and authorised for issue on 28 September 2017 and subsequently amended on 24 May 2018.

……………………
Chairperson

……………………………
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 18 months ended 30 June 2017

	Note	18 months ended 30 June 2017 MUR	Year ended 31 December 2015 MUR
GENERAL INSURANCE ACCOUNT			
REVENUE			
Insurance premium	18	230,132,799	200,522,630
Investment income	19	123,106,344	121,401,546
Share of profit of Associate	7	132,625,400	92,832,800
Exchange and Other gains	20(a)	54,666,652	108,379,438
Profit on sale of AFS securities & PPE	21	32,238,418	3,880,230
Other Revenue		588,098	645,129
TOTAL REVENUE		**573,357,711**	**527,661,773**
EXPENSES			
General Insurance Compensation	22	–	406,904,000
Special Assistance to Insureds		447,000,000	414,659,158
Discount on General Premium (100%)		–	200,550,000
Administrative	23	182,207,591	124,159,469
Voluntary Retirement Scheme Compensation		15,492,875	–
Exchange and Other losses	20(b)	17,183,671	569,453
TOTAL EXPENSES		**661,884,137**	**1,146,842,080**
Deficit to General Fund for the period / year		**(88,526,426)**	**(619,180,307)**
FIRE INSURANCE ACCOUNT			
REVENUE			
Insurance premium		7,322,651	7,412,000
TOTAL REVENUE		**7,322,651**	**7,412,000**
EXPENSES			
Insurance compensation		12,612,851	7,226,480
Management fee to General Fund		219,680	222,000
TOTAL EXPENSES		**12,832,531**	**7,448,480**
Deficit to Fire Fund for the period / year		**(5,509,880)**	**(36,480)**
Total Deficit for the period / year		**(94,036,306)**	**(619,216,787)**
<u>Other Comprehensive Income</u>			
Change in value of available-for-sale financial assets		148,589,740	(40,890,300)
Release on disposal of available-for-sale financial assets		(30,177,592)	1,232,751
Re-measurement of defined benefit obligation		(66,959,878)	(71,110,560)
Movement in Associates reserves		9,698,000	7,527,400
Gain on revaluation of land and building		15,893,243	–
Total Other Comprehensive Income		**77,043,513**	**(103,240,709)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR		**(16,992,793)**	**(722,457,495)**

STATEMENT OF CHANGES IN EQUITY
for the 18 months ended 30 June 2017

	Accumulated Funds		Revaluation Reserves		
	General Fund MUR	Fire Fund MUR	Property MUR	Investments MUR	**Total MUR**
At 31 December 2013 (as restated)	**5,231,790,506**	**(1,904,484)**	**116,829,041**	**655,926,015**	**6,002,641,078**
Revaluation reserves realised on disposal	–	–	–	(77,472,592)	**(77,472,592)**
Change in value of available-for- sale financial assets	–	–	–	50,139,964	**50,139,964**
Inter Fund Loan arrangement	(2,000,000)	2,000,000	–	–	**–**
Share of Associate not reported in surplus	–	–	–	(8,302,800)	**(8,302,800)**
Net Deficit for the year	(723,079,175)	(305,864)	–	–	**(723,385,039)**
Adjustment on application of IAS 19	(252,665)	–	–	–	**(252,665)**
At 31 December 2014	**4,506,458,666**	**(210,348)**	**116,829,041**	**620,290,587**	**5,243,367,946**
Revaluation reserves realised on disposal	–	–	–	1,232,751	**1,232,751**
Change in value of available-for- sale financial assets	–	–	–	(42,341,428)	**(42,341,428)**
Re-measurement of Defined Benefit Obligations	(71,110,560)	–	–	–	**(71,110,560)**
Share of Associate not reported in surplus	–	–	–	7,527,400	**7,527,400**
Net Deficit for the year	(619,180,307)	(36,480)	–	–	**(619,216,787)**
At 31 December 2015	**3,816,167,799**	**(246,828)**	**116,829,041**	**586,709,310**	**4,519,459,322**
Gains on revaluation of land and building	–	–	15,893,244	–	**15,893,244**
Released on disposal of available-for- sale financial assets	–	–	–	(30,177,592)	**(30,177,592)**
Change in value of available-for- sale financial assets	–	–	–	148,589,740	**148,589,740**
Re-measurement of Defined Benefit Obligations	(66,959,878)	–	–	–	**(66,959,878)**
Share of Associate not reported in surplus	–	–	–	9,698,000	**9,698,000**
Net Deficit for the period	(88,526,426)	(5,509,880)	–	–	**(94,036,306)**
At 30 June 2017	**3,660,681,494**	**(5,756,708)**	**132,722,285**	**714,819,457**	**4,502,466,530**

STATEMENT OF CASH FLOWS *for the 18 months ended 30 June 2017*

	Period ended 30 June 2017 MUR	Year ended 31 December 2015 MUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Deficit for the period/year	(94,036,306)	(619,216,787)
Adjustments for:		
Share of profit of Associate	(132,625,400)	(92,832,800)
Provision for passage benefits	3,854,647	2,317,677
Payment of passage benefits	(4,121,537)	(2,056,762)
Depreciation of non-current assets	7,024,955	6,974,834
Amortisation of Intangible Assets	1,750,522	1,744,288
Investment income	(123,106,344)	(121,401,546)
Profit on sale of plant & equipment	(58,770)	(243,426)
Gain on disposal of available-for-sale securities	(32,179,649)	(3,636,804)
Gain on revaluation of investment properties	(53,517,381)	(3,900,000)
Impairment loss on local unquoted securities	–	300,000
Reversal of Impairment loss on local unquoted securities	(200,000)	–
Loss/(Gain) on valuation of investments	2,475,400	(802,448)
Retirement benefits charged	8,260,493	14,563,909
Provision for employees benefits	7,778,452	4,782,515
Employees benefits paid	(6,892,383)	(4,279,974)
OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES	**(415,593,301)**	**(817,687,324)**
(Increase) / Decrease in trade and other receivables	(1,272,766)	554,652
Decrease in trade and other payables	(380,612,726)	(76,170,384)
Special contribution to defined benefit scheme	–	(296,200,000)
NET CASH USED BY OPERATING ACTIVITIES	**(797,478,793)**	**(1,189,503,056)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire financial assets	(852,193,362)	(358,204,681)
Proceeds from sale of financial assets	884,475,880	1,083,137,035
Dividend received	63,068,077	52,245,668
Interest received	102,631,542	119,568,693
Payment for Investment properties	(2,070,668)	–
Payment for property, plant and equipment	(5,579,727)	(2,450,524)
Proceeds from sale of property, plant and equipment	58,770	638,774
NET CASH GENERATED BY INVESTING ACTIVITIES	**190,390,512**	**894,934,965**
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loans granted	(1,151,752,873)	(452,412,000)
Proceeds from short term loans	991,001,030	891,733,538
Net (issue)/Proceeds from long term loans	(686,001)	1,622,191
NET CASH (USED) / GENERATED BY FINANCING ACTIVITIES	**(161,437,844)**	**440,943,729**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(768,526,125)	146,375,638
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	1,881,850,793	1,735,475,155
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	**1,113,324,668**	**1,881,850,793**
Cash & cash equivalent is represented by:		
Bank and cash balances	3,156,263	7,179,811
Short term deposits	1,110,168,405	1,874,670,982
	1,113,324,668	**1,881,850,793**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the 18 months ended 30 June 2017

	Note	Original/ Final Budget MUR	Actual Amount MUR
GENERAL INSURANCE ACCOUNT			
REVENUE			
Insurance premium	25(i)	176,000,000	230,132,799
Interest Receivable	25(ii)	150,000,000	89,745,828
Dividend Income	25(iii)	40,000,000	33,360,516
Share of profit of Associate	25(iv)	–	132,625,400
Exchange and other gains	25(v)	15,000,000	54,666,652
Profit on sale of AFS Securities & PPE		40,000,000	32,238,419
Other Revenue		1,000,000	368,418
TOTAL REVENUE		**422,000,000**	**573,138,032**
EXPENSES			
Assistance to Insureds	25(vi)	–	447,000,000
Administrative Expenses	25(vii)	166,724,000	197,700,467
Exchange and other Losses	25(v)	–	17,183,671
TOTAL EXPENSES		**166,724,000**	**661,884,138**
Surplus / (Deficit) to General Fund for the period		**255,276,000**	**(88,746,106)**
FIRE INSURANCE ACCOUNT			
REVENUE			
Insurance premium		7,100,000	7,322,651
TOTAL REVENUE		**7,100,000**	**7,322,651**
EXPENSES			
Insurance compensation	25(viii)	8,100,000	12,612,851
TOTAL EXPENSES		**8,100,000**	**12,612,851**
Deficit to Fire Fund for the period		(1,000,000)	(5,290,200)
Total Surplus / (Deficit) for the period		**254,276,000**	**(94,036,306)**

(1) The Original and Final Budget are the same.

(2) The Budget is prepared on the accrual basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

1. GENERAL

Legal form and main objective

The Sugar Insurance Fund Board ("the Fund") is a statutory body established under the Sugar Insurance Fund Act No 4 of 1974 (as subsequently amended). Its registered office is situated at 18, Sir Seewoosagur Ramgoolam Street, Port-Louis, Mauritius and operates under the aegis of the Ministry of Finance and Economic Development. Its main objective is to operate a Crop Insurance for sugar producers.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out hereafter. These policies have been consistently applied to all the period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Sugar Insurance Fund Board have been prepared on a going concern basis and in accordance with the Statutory Bodies (Accounts and Audit) Act and in line with International Financial Reporting Standards (IFRSs). While the comparative figures for the previous reporting period were prepared on a calendar year basis, statutory amendments required this report to be exceptionally prepared for an 18 months period starting 1st January 2016 and ending on 30th June 2017. Consequently, the figures for the current financial period are not fully comparable with those of the previous financial year.

The Fund's financial year will henceforth start on the 1st July to end on the subsequent 30th June.

The current financial reporting has also witnessed the reclassification of five of its properties (Land & Buildings) previously used for administrative purposes (sub-offices) from Property, Plant & Equipment (PPE) to Investment Properties.

The financial statements have been consolidated to include the state of affairs and results of the Fund's associate and are prepared under the historical cost convention, except that:

(i) Land and buildings are carried out at revalued amounts;
(ii) Investments properties are stated at fair value;
(iii) Available-for-sale financial assets are stated at their fair value; and
(iv) Held-to-maturity investments are carried at amortised cost.

For Financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1st January 2017 or later periods, which the Fund has not early adopted. At the reporting date of these financial statements, the following were in issue but not yet effective:

- Annual Improvements to IFRSs 2014-2016 cycle
  (i) Amendments to IFRS 1 : First time adoption of International Financial Reporting Standard[2]
  (ii) Amendments to IFRS 12 : Disclosure of interests in other entities[1]
  (iii) Amendments to IAS 28 : Investment in Associates and Joint Ventures[2]
- Amendments to IFRS 9: Financial Instruments[2]
- Amendments to IFRS 15: Revenue from Contract with Customers[2]
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (effective date deferred)
- IFRS 16: Leases[3]
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses[1]
- Amendments to IAS 7 : Statement of Cash Flows[1]
- IFRS 15: Revenue from Contracts with Customers[2]
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions[2]
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[2]
- IFRIC 22 : Foreign Currency Transactions and Advance Consideration[2]
- Amendments to IAS 40 : Transfers of Investment Property[2]
- IFRS 17: Insurance Contracts[4]
- IFRIC 23: Uncertainty over Income Tax Treatments[3]

Where relevant, the Fund is still evaluating the effect of these Standards. However the Directors anticipate that adoption of these Standards in future will have no material impact on the financial statements of the Fund.

1 - effective for annual periods beginning on or after 1st January 2017
2 - effective for annual periods beginning on or after 1st January 2018
3 - effective for annual periods beginning on or after 1st January 2019
4 - effective for annual periods beginning on or after 1st January 2021

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Application of New and Revised International Financial Reporting Standards (IFRSs).

In the current period, the Fund has applied the following amendments to IFRSs issued by the International Accounting Standards Boards (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 14: Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Fund's financial statements.

IFRS 11: Accounting for Acquisitions of Interests in Joint Operations. The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Fund's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Fund's financial statements.

Amendments to IAS 27: Equity method in separate financial statements. The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Fund's financial statements.

Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants. IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Fund's financial statements.

Annual Improvements to IFRSs 2012-2014 cycle

> IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Application of New and Revised International Financial Reporting Standards (IFRSs) (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Annual Improvements to IFRSs 2012-2014 cycle (cont'd)

> IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Fund's financial statements. IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Fund's financial statements.
>
> IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has been considered by the Fund's Staff Pension Fund Manager (SICOM Ltd).
>
> IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Fund's financial statements.

IAS 1: Disclosure Initiative. The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. They provide confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities; Applying the consolidation exception. The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The financial statements have been consolidated to include the state of affairs and results of the Fund and those of its Associate.

An Associate is an entity over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. Investment in associate is accounted for by the equity method of accounting and is initially recognised at cost. The Fund's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Fund's share of its associate's post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Fund's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Fund does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.5 Revenue recognition

The Fund's revenue are earned from exchange transactions only and measured at the fair value of consideration received or receivable.

General Insurance Premium Income Account

Insurance premium income contributed to General Insurance Account is determined by reference to the total value of insurable sugar and premium percentage set out in the Second Schedule of the Sugar Insurance Fund Act No 4 of 1974 (as subsequently amended) in respect of the crop year for which the premium is payable.

Fire Insurance Premium Income Account

Insurance premium income contributed to Fire Insurance Account is determined on the basis of MUR 16.75 per tonne of insurable sugar under the Fifth Schedule of the Sugar Insurance Fund Act No 4 of 1974 (as subsequently amended).

Other revenues

These are recognised on the following basis:

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

Interest income is recognised on an accrual basis.

A management fee of 3% of Fire Premium is charged to the Fire Insurance Account.

A proportion of interest and dividend is apportioned to the Fire Fund based on Fund Value at start of reporting period.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Insurance contracts

(a) Recognition and measurement

Insurance covers provided by the Fund protect the insureds from the negative impact of events such as cyclones, droughts and excessive rainfall on sugar production consequently.

Compensation paid to insureds on occurrence of any event or a combination of events linked to the extent of loss suffered. Premiums are recognised as revenue on the period of cover.

Claims are charged to income based on the estimated liability for compensation payable to insured. They include claims arising out of events that have occurred up to the end of reporting period though not reported to the Fund by the insureds. Estimated claims are based on internal data and provisional figures obtainable from different stakeholders.

(b) Liability adequacy test

At each end of reporting period, liability adequacy tests are performed to ensure the adequacy of the insurance liabilities. In performing these tests current best estimates of future contractual cash flows and claims are used. Any deficiency is immediately charged to the statement of Comprehensive Income.

2.7 Property, plant and equipment

Property, plant and equipment held for administrative purposes are stated in the statement of financial position at their revalued amounts, net of accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis so as to write off the depreciable value of the assets over their estimated useful lives. A full year depreciation is charged in the year of acquisition, with no charge in year of disposal. The annual rates used for the purpose are as follows:

Buildings	Higher of 2.5% or based on remaining useful economic life
Improvement to land and buildings	10%
Furniture & other equipment	6.67% (15 years)
Motor vehicles	20%
Computer equipment and software	20%

The depreciation charged on buildings is based on their remaining useful economic life, determined through a thorough examination carried out in December 2009 by S. Jadav and Partners – Structural Engineer.

Prior to the year 2011, items of Furniture & Other equipment were depreciated at the rate of 10% (over 10 years). The consumption experience showed that the Fund was still deriving economic benefit from items under this asset class above the 10 year period. The depreciable life was thus increased to 15 years as from the year 2011.

Profit or loss on disposal of property, plant and equipment is determined by the difference between the carrying values of the assets and their disposal proceeds and is accounted for in the statement of Comprehensive Income.

Any increase arising on the revaluation of land and buildings is credited in equity (Revaluation Reserve), except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Intangible Assets acquired

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment loss (if any). Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each end of reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less impairment losses and are not subject to any amortisation.

An Intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or on disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

2.9 Impairment of tangible and intangible assets

At each end of the reporting period, the Fund reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Investment property

Investment property which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value at end of reporting period, representing open-market value determined by external valuers. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

2.11 Non-current Asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of carrying value or fair value net of associated cost to sell.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Foreign currencies

The financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (functional currency). The results and financial position of the Fund are expressed in Mauritian rupees, which is Fund's functional and presentation currency.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in such currencies are retranslated in Mauritian Rupees using the rate of exchange (buying rate) ruling at the end of reporting period, such rate being determined as the highest buying rate available from the Fund's main bankers and the Bank of Mauritius. Profits and losses arising on exchange are included in the profit or loss for the year. Translation of non-monetary items, such as equities classified as available-for-sale financial assets is accumulated in the investments revaluation reserve.

2.13 Insurance compensation

Insurance compensation is expensed when the claims are assessed following the end of the crop season.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short term deposits.

2.15 Provision/Contingent Liabilities

(a) Provision

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate.

(b) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability should not be recognised but disclosed.

The present obligation that arises from past events is not recognised because:
(i) It is not probable that an outflow of resources will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Retirement benefit obligations

(i) Defined Benefit Plan

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 plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by the Pension Fund Manager (SICOM Ltd) using the projected unit credit method. 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 Fund determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined 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 curtailments and settlements (if any) are recognised immediately in profit or loss. The defined benefit plan is closed for new entrants and any employee joining the Fund on a permanent and pensionable service will join a defined contribution plan.

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Fund pays fixed contributions and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitled them to the contributions.

(iii) State Plan

Contribution to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

2.17 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become party to the contractual provisions of the financial instruments. Financial Assets are initially measured at fair value, plus transaction costs. Financial assets are classified into the following specified categories: "held-to-maturity" investments, "available-for-sale" financial assets and "Loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial instruments (cont'd)

a) Financial Assets

(i) Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity dates, that the Fund has the positive intent and ability to hold to maturity, are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

(ii) Available-for-sale (AFS) financial assets

Quoted AFS Financial Assets

Listed and Quoted Securities that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are accumulated in the investments revaluation reserve until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Impairment losses recognised in profit or loss for securities classified as available-for-sale is not subsequently reversed through profit or loss.

Unquoted Available For Sale Investments

Unquoted available-for-sale investments for which reliable fair values cannot be obtained are stated at cost. Investments of the Fund in unquoted available-for-sale investments are generally in the form of shares. The fair value of these financial instruments cannot be measured reliably as there is no specific market for the exchange/sale of these instruments.

Available-for-sale financial assets are included in non-current assets unless Management intends to dispose the investments within twelve months of the end of the reporting period.

(iii) Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each end of reporting period.
Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial instruments (cont'd)

a) Financial Assets (cont'd)

Impairment of financial assets (cont'd)

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- high probability that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets
The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

(b) Financial liabilities
Financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Fund derecognises financial liabilities only when its share of obligations are discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

3. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRSs requires the Fund's Management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations 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.

4. PROPERTY, PLANT AND EQUIPMENT

The Fund's Property, Plant and Equipment include freehold land and building that were last revalued in August 2017 by Ramrekha & Patten Chartered Valuation Surveyors (Principal – P Ramrekha, M.S.C, F.R.I.C.S. CSK Chartered Valuation Surveyor).

Had Freehold Land and Buildings been valued at historic amount, the carrying value would have been as follows:

At 30 June 2017	Cost MUR	Accumulated depreciation MUR	Net book value MUR
Freehold Land	2,946,841	–	2,946,841
Buildings	22,763,712	(19,918,248)	2,845,464
	25,710,553	(19,918,248)	5,792,305

At 31 December 2015	Cost MUR	Accumulated depreciation MUR	Net book value MUR
Freehold Land	3,996,388	–	3,996,388
Buildings	39,866,701	(22,170,122)	17,696,579
	43,863,089	(22,170,122)	21,692,967

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land MUR	Buildings MUR	Improvement to Land and Buildings MUR	Furniture & Other Equipment MUR	Motor Vehicles MUR	Computer Equipment MUR	Total MUR
COST AND VALUATION							
At 31 December 2014	**53,183,000**	**71,650,000**	**6,801,873**	**14,711,445**	**2,889,950**	**21,489,896**	**170,726,164**
Additions	–	64,400	–	85,150	–	3,301,282	3,450,832
Disposals	–	–	–	–	(1,823,500)	(30,647)	(1,854,147)
At 31 December 2015	**53,183,000**	**71,714,400**	**6,801,873**	**14,796,595**	**1,066,450**	**24,760,531**	**172,322,849**
Transfer to Investment Property	(12,403,000)	(15,700,000)	–	–	–	–	(28,103,000)
Transfer to Investment Property held-for-sale	(6,280,000)	(25,114,400)	–	–	–	–	(31,394,400)
Surplus on revaluation	6,900,000	4,400,000	–	–	–	–	11,300,000
Additions	–	–	805,085	1,454,093	3,000,000	594,233	5,853,411
Disposal	–	–	–	–	–	(29,700)	(29,700)
At 30 June 2017	**41,400,000**	**35,300,000**	**7,606,958**	**16,250,688**	**4,066,450**	**25,325,064**	**129,949,160**
DEPRECIATION							
At 31 December 2014	**–**	**9,083,024**	**3,994,944**	**12,153,617**	**2,098,671**	**16,382,452**	**43,712,708**
Charge for the year	–	3,030,060	584,670	321,119	213,290	2,825,695	6,974,834
Eliminated on disposal	–	–	–	–	(1,458,800)	–	(1,458,800)
At 31 December 2015	**–**	**12,113,084**	**4,579,614**	**12,474,736**	**853,161**	**19,208,147**	**49,228,742**
Eliminated on revaluation	–	(13,365,788)	–	–	–	–	**(13,365,788)**
Eliminated on disposal	–	–	–	–	–	(29,700)	**(29,700)**
Charge for the period	–	1,252,702	942,229	576,760	1,113,290	3,139,973	**7,024,954**
At 30 June 2017	**–**	**–**	**5,521,843**	**13,051,496**	**1,966,451**	**22,318,420**	**42,858,210**
NET BOOK VALUE							
At 30 June 2017	**41,400,000**	**35,300,000**	**2,085,115**	**3,199,192**	**2,099,999**	**3,006,644**	**87,090,951**
At 31 December 2015	**53,183,000**	**59,601,314**	**2,222,259**	**2,321,859**	**213,289**	**5,552,384**	**123,094,105**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Details of the Fund's buildings and freehold/leasehold land measured at fair value and information about the fair value hierarchy at period/year end are as follows:

	Level 3	
	30 June 2017 MUR	**31 December 2015 MUR**
Freehold Land	41,400,000	51,403,000
Leasehold Land	_	1,780,000
Buildings	35,300,000	59,601,314
	76,700,000	**112,784,314**

Reconciliation:

	MUR
Opening balance at 1st January 2016	112,784,314
Surplus on revaluation	11,300,000
Depreciation eliminated on revaluation	13,365,788
Transfer to Investment properties / Investment properties held-for-sale	(59,497,400)
Depreciation charge for the year	(1,252,702)
Balance at end of reporting period ended 30 June 2017	**76,700,000**

(i) As disclosed by the Valuer:

(a) for the purpose of the valuation report, the Market Approach was adopted;
(b) The valuation exercise is in accordance with the requirements of the RCIS Valuation – Global Standards 2017 incorporating International Valuation Standards (IVS) 2017.

(ii) The following assumptions were made by the Valuer:

(a) The property is appraised free and clear from all charges and encumbrances;
(b) The property has good and marketable title deed;
(c) Vacant possession can be given;
(d) The building have been erected under competent supervision, in accordance with all planning regulations and have the benefit of planning consents or existing use rights for their current use;
(e) The building comply with all statutory and local authority regulations including building, fire and health and safety regulations.

5. INTANGIBLE ASSETS – COMPUTER SOFTWARE

	30 June 2017	**31 December 2015**
	MUR	**MUR**
Cost		
At start of period / year	8,940,978	6,188,915
Additions	765,750	2,752,063
At end of period / year	9,706,728	8,940,978
Amortisation		
At start of period / year	5,500,802	3,756,514
Charge for the period / year	1,750,522	1,744,288
At end of period / year	7,251,324	5,500,802
Carrying value at period / year end	**2,455,404**	**3,440,176**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

6. INVESTMENTS IN SECURITIES AND DEPOSITS

	---------------- Available-For-Sale Financial Assets -----------------			Held–To-Maturity Securities and Deposits	
	Local Quoted Securities MUR	**Local Unquoted Securities MUR**	**Foreign Equities/ Funds/ Bonds MUR**	**MUR**	**Total MUR**
AT FAIR VALUE					
At 1 January 2016	**934,510,066**	**12,323,959**	**405,913,876**	**1,145,964,539**	**2,498,712,440**
Additions	41,963,362	–	70,100,000	740,130,000	852,193,362
Disposals/Matured / Redeemed	(61,787,020)	–	(51,008)	(852,297,013)	(914,135,041)
Interest capitalised / receivable	–	–	–	12,796,686	12,796,686
Reversal of Impairment Loss	–	200,000	–	–	200,000
Fair value Gain / (Loss)	95,283,240	(406,448)	53,701,695	(2,464,148)	146,114,339
At 30 June 2017	**1,009,969,649**	**12,117,511**	**529,664,563**	**1,044,130,064**	**2,595,881,786**
Classified as:					
- Short term	19,391,366	700,000	–	110,208,055	130,299,421
- Long term	990,578,283	11,417,511	529,664,563	933,922,009	2,465,582,365
	1,009,969,649	**12,117,511**	**529,664,563**	**1,044,130,064**	**2,595,881,786**
AT COST					
At 30 June 2017	**530,706,723**	**2,151,155**	**294,465,375**	**1,033,797,526**	**1,861,120,778**
At 31 December 2015	**519,941,452**	**2,151,155**	**224,827,720**	**1,113,247,624**	**1,860,167,953**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

6. INVESTMENTS IN SECURITIES AND DEPOSITS (CONT'D)

(a) Available-For-Sale Securities and Deposits

Local Quoted

Local quoted investments include investments in companies listed on the Official Market and the Development and Enterprise Market of the Stock Exchange of Mauritius (SEM). Such investments are stated at fair values based on SEM prices at close of business at the end of reporting period.

Local Unquoted

Local unquoted investments comprise mainly of shares and bonds held in Sugar Investment Trust (SIT), Units of the MFL Fund and bonds in the Max City Property Fund. Investment in SIT shares have been fair valued at MUR 9.83 Million at 30 June 2017, based on the last available equity value (31 December 2016) of the trust. Investments in The MFL Fund, which is an open-ended Fund, are stated at market value at MUR 1.58 Million at 30 June 2017.

Foreign Equities /Funds /Bonds

Investments in foreign equities/ funds/ bonds, include shares held in African Reinsurance Corporation (Africa Re), Investec GSF, Comgest, Threadneedle, Sarasin, BlackRock Global, Shroders, GAM, London & Capital Real Estate, UBS, Fidelity, Franklin Templeton, Morgan Stanley Funds, IOST Perpetual Bonds, India Sovereign Bonds and are stated at market value based on the exchange rate ruling at the end of reporting period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable (levels defined in section 2.1):

	Period 2016/2017			
	Level 1 MUR	***Level 2*** MUR	***Level 3*** MUR	***Total*** MUR
Available-for-sale financial assets	1,009,969,649	529,664,563	12,117,511	**1,551,751,723**

	Year 2015			
	Level 1 MUR	***Level 2*** MUR	***Level 3*** MUR	***Total*** MUR
Available-for-sale financial assets	934,510,066	405,913,876	12,323,959	**1,352,747,902**

(b) Held-To-Maturity Securities and Deposits

Held-To-Maturity Securities and Deposits, which are stated at amortised cost, bear interests at rates ranging from 3.90 to 6.00 % per annum and mature between July 2017 and August 2023 and comprise of:

	30 June 2017 MUR	**31 December 2015 MUR**
Deposits	445,796,686	1,093,645,013
Fixed Maturity Unquoted Bonds	598,333,378	52,319,526
	1,044,130,064	**1,145,964,539**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

7. INVESTMENT IN ASSOCIATE

The Fund holds 20% of the ordinary share capital of SICOM Group and is represented on its Board of Directors. SICOM Group has a financial year starting on 1 July and ending on the subsequent 30 June.

Summarised financial information of the Fund's Associate is set out below:

	30 June 2017 MUR	**31 December 2015 MUR**
Total Assets	19,067,693,000	18,153,028,000
Total Liabilities	13,621,827,000	13,281,016,000
Total profit for the 18 months period	663,127,000	464,164,000
Share of profit (20%)	132,625,400	92,832,800
Share of net assets	1,088,220,390	973,459,502

8. INVESTMENT PROPERTY (RESTATED)

At start of period/ year	68,500,000	64,600,000
Transfer from Land & Building (NBV)	25,571,728	–
Additions	2,050,034	–
Carrying value	96,121,762	64,600,000
Gain on revaluation	44,228,238	3,900,000
At end of period/ year	**140,350,000**	**68,500,000**

Investment property relates to Land and Buildings which are no more used for administrative purposes and includes the following:-

(i) Bareland at Brown Sequard Street, Port Louis for a total extent of 314 toises.
(ii) A 2 storey concrete building at Royal Road, Quartier Militaire standing on a plot of land of a total extent of 73.35 perches.
(iii) Two buildings situated at corner Independence and Brown Sequard Avenue, Vacoas standing on a plot of land of 24.50 perches (1118.82m^2).
(iv) A building at Royal Road, Mare D'Albert standing on a plot of land of 60.0 perches.
(v) Bareland at Royal Road, Central Flacq of a total extent of 48.92 perches (2064.79m^2).

The above properties were last revalued by Ramrekha & Patten Chartered Valuation Surveyors (Principal – P Ramrekha, M.S.C, F.R.I.C.S. CSK Chartered Valuation Surveyor) in August 2017. As disclosed by the valuer, the Market Approach was adopted to value these properties.

The fair value hierarchy is as follows:

	Level 3	
	30 June 2017 MUR	**31 December 2015 MUR**
Land and Buildings	**140,350,000**	**68,500,000**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

9. LONG TERM LOANS

		30 June 2017 MUR	31 December 2015 MUR
Personal Loans	(i)	1,276,527	–
Other Loans	(ii)	86,852	228,375
Motor Vehicles Loans	(iii)	8,078,841	8,527,844
		9,442,220	**8,756,219**

(i) Personal Loans (staff)

Total amount due	1,579,700	10,400
Deduct: Amount falling due within one year (Note 10)	(303,173)	(10,400)
Amount falling due after more than one year	**1,276,527**	–

Personal loans to staff bear interest at Repo plus 1% per annum.

(ii) Other Loans (staff)

Total amount due	147,628	388,687
Deduct: Amount falling due within one year (Note 10)	(60,776)	(160,312)
Amount falling due more than one year	**86,852**	**228,375**

Other loans represent housing loans to staff.

(iii) Motor Vehicles Loans (staff)

Total amount	10,997,660	11,155,864
Deduct: Amount falling due within one year (Note 10)	(2,918,819)	(2,628,020)
Amount falling due after more than one year	**8,078,841**	**8,527,844**

Motor Vehicle Loans to staff disbursed prior to January 2013 bear interest at 7.5% per annum and thereafter at 4.0% per annum, as per conditions of service.

10. ACCOUNTS RECEIVABLE/ PREPAYMENTS

	30 June 2017 MUR	31 December 2015 MUR
Other loans (Note 9(ii))	60,776	160,312
Motor vehicles loans (Note 9(iii))	2,918,819	2,628,020
Personal loans (Note 9(i))	303,173	10,400
Interest receivable	10,885,270	4,919,798
Debtors insurance premium receivable	14,928	14,928
Dividends receivable	6,300	2,151,349
Other receivables/Prepayments	1,098,068	435,719
	15,287,334	**10,320,526**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

11. AMOUNT CLASSIFIED AS HELD FOR SALE (INVESTMENT PROPERTY) - RESTATED

	30 June 2017 MUR	31 December 2015 MUR
At the start of period / year	–	–
Transfer from Freehold Land & Buildings	25,153,127	–
Additions	557,730	–
Carrying value	**25,710,857**	–
Fair value gain	9,289,143	–
At end of period / year	**35,000,000**	–

(i) The properties relate to:

(a) Freehold Land of 2,110.42 square metres along with a two storeyed building situated at Royal Road, Pamplemousses.

(b) Leasehold Land of an extent of 839.95 square metres (leased from the Government of Mauritius) along with a 3 storeyed concrete complex.

(ii) These properties were last revalued in August 2017 by Ramrekha & Patten Chartered Valuation Surveyors (Principal – P Ramrekha, M.S.C, F.R.I.C.S. CSK Chartered Valuation Surveyor) at MUR45 Million.

As disclosed by the valuer, the Market Approach has been used for this valuation.

(iii) These properties previously housed the Souillac and Pamplemousses Sub-Offices and are no longer required for administrative purposes. Government will acquire both properties for an amount of MUR 35 Million (Property at Pamplemousses for MUR 23 M as assessed by the Government valuers and Property at Souillac for MUR 12 M, with no compensation for the year-to-year landscaping lease over part of state land at Souillac). The disposal is expected to be concluded within the next financial year.

The fair value hierarchy is as follows:

	Level 3	
	30 June 2017 MUR	**31 December 2015 MUR**
Investment Properties	35,000,000	–

12. SHORT TERM LOANS

	30 June 2017 MUR	31 December 2015 MUR
Loans to Mauritius Sugar Syndicate - (MSS)	168,163,843	7,412,000
	168,163,843	**7,412,000**

Loans to MSS relates to Funds advanced to the MSS for a period of 2 months at an interest rate of 2.75% p.a.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

13. CASH AND CASH EQUIVALENT

	30 June 2017 MUR	31 December 2015 MUR
Foreign Currency deposits with banks:		
USD	336,939,669	420,495,350
EURO	712,366,001	1,359,486,836
GBP	27,863,667	32,559,510
Deposits on call at banks – MUR	32,999,067	62,129,286
Bank and Cash Balances	3,156,264	7,179,811
	1,113,324,668	**1,881,850,793**

14. ACCOUNTS PAYABLE

Assistance to Insureds	447,191,134	413,745,000
Provision for General Insurance Compensation	–	406,904,000
Provision for Fire Insurance Compensation	–	7,150,000
Accruals	8,507,716	7,083,280
Provision for passage benefits (note 16)	3,500,000	2,100,000
Others	115,639	108,129
	459,314,489	**837,090,409**

15. EMPLOYEES BENEFITS

At start of period / year	45,241,275	44,738,735
Charge for the period / year	7,778,452	4,782,515
	53,019,727	49,521,250
Less: Payment during the period / year	(6,892,383)	(4,279,975)
At end of period / year	**46,127,344**	**45,241,275**
Classified as:		
Long Term	41,514,610	40,545,012
Short Term	4,612,734	4,696,263

16. PROVISION FOR STAFF PASSAGE BENEFITS

At start of period / year	7,222,638	6,961,723
Payment during the period / year	(4,121,537)	(2,056,762)
Provision for the period / year	3,854,646	2,317,677
	6,955,747	7,222,638
Less: Amount due within one year (Note 14)	(3,500,000)	(2,100,000)
At end of period / year	**3,455,747**	**5,122,638**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

17. RETIREMENT BENEFIT OBLIGATIONS

Provision for retirement benefits for the SIFB staff are made under the Statutory Bodies Pension Act 1978 as amended. The pension plan is a final salary defined benefit plan for employees and is wholly funded by the employer and the employees. The assets of the funded plan are held independently and are administered by the State Insurance Company of Mauritius Ltd (SICOM Ltd).

The following employee benefits information is based on the report submitted by SICOM in line with IAS 19.

(i) Amounts recognised in statement of financial position:

	30 June 2017 MUR	**31 December 2015 MUR**
Defined benefit obligation	794,349,530	727,804,418
Fair value of plan assets	(550,497,042)	(559,172,301)
Liability recognised in statement of financial position	**243,852,488**	**168,632,117**

(ii) Amounts recognised in statement of Profit or Loss:

	30 June 2017 MUR	**31 December 2015 MUR**
Current service cost	9,923,364	7,126,083
Employee Contributions	(5,023,797)	(2,851,218)
Fund Expenses	317,374	182,890
Net Interest expense	18,952,243	18,685,532
Profit & Loss Charge	**24,169,184**	**23,143,287**

(iii) Amount recognised in Other Comprehensive Income:

	30 June 2017 MUR	**31 December 2015 MUR**
Liability experience (gain) / Loss	57,775,657	39,651,047
Assets experience (gain) / Loss	9,184,221	31,459,513
Total Other Comprehensive Income (OCI) recognised	**66,959,878**	**71,110,560**

(iv) Liability recognised in the statement of financial position:

	30 June 2017 MUR	**31 December 2015 MUR**
At start of year	168,632,117	379,157,648
Amount recognised in Profit & Loss	24,169,184	23,143,287
Special contribution paid by employer	–	(296,200,000)
Contributions paid by employer	(15,908,691)	(8,579,378)
Amount recognised in Other Comprehensive Income	66,959,878	71,110,560
At end of period / year	**243,852,488**	**168,632,117**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(v) Reconciliation of present value of obligation:

	30 June 2017 MUR	31 December 2015 MUR
Present value of obligation at start of period	727,804,418	677,619,115
Current service cost	9,923,364	7,126,083
Interest cost	70,960,931	50,821,434
Benefits paid	(72,114,840)	(47,413,261)
Liability (gain)/ loss	57,775,657	39,651,047
Present value of obligation at end of period	**794,349,530**	**727,804,418**

(vi) Reconciliation of fair value of plan assets:

	30 June 2017 MUR	31 December 2015 MUR
Fair value of plan assets at start of period	559,172,301	298,461,467
Expected return on plan assets	52,008,688	32,135,902
Employer contributions	15,908,691	8,579,378
Employer special Contribution	–	296,200,000
Employee contributions	5,023,797	2,851,218
Benefits paid + other outgo	(72,432,214)	(47,596,151)
Asset gain/(loss)	(9,184,221)	(31,459,513)
Fair value of plan assets at end of period	**550,497,042**	**559,172,301**

(vii) Distribution of plan assets at end of period were:

Percentage of assets at end of year	% of fair value of total plan assets 30 June 2017	31 December 2015
Government securities and cash	56.6	58.1
Loans	4.4	4.3
Local equities	15.8	15.9
Overseas equities and bonds	22.6	21.0
Property	0.6	0.7
Total	100.0	100.0

(viii) Actual Return on plan assets:

	30 June 2017 MUR	31 December 2015 MUR
Actual Return on plan assets	43,921,073	678,883

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ix) Weighted average duration of the defined benefit obligation (Calculated as a % change in PV of liabilities for a 1% change in discount rate) : 12 years

(x) Additional disclosure on assets issued or used by the reporting:

At the end of the reporting period, assets were neither held in entity's own financial instruments nor were property and other assets occupied or used by the entity.

(xi) Expected Employer's contributions for the financial year 2017/2018: **Rs. 10,401,094.**

(xii) The plan is exposed to actuarial risks such as: Investment risk, Interest rate risk, mortality and longevity risk and salary risk.

(xiii) The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	18 months period ended 30 June 2017 %	**Year ended 31 December 2015 %**
Discount rate	6.50	7.50
Future salary increases	5.00	5.50
Future pension increases	3.00	3.00
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	PA (90) rated down by 2 years	
Retirement age	As per Schedule II in the Statutory Bodies Pension Funds Act	

The discount rate is determined by reference to market yields on bonds.

(xiv) Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase & mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 100 basis points (1%) higher (lower), the defined benefit obligation would decrease by Rs 81.9 M (increase by Rs 98.5 M) if all other assumptions were held unchanged.

- If the expected salary would increase (decrease) by 100 basis points, the defined benefit obligation would increase by Rs 21.8 M (decrease by Rs 19.5 M) if all assumptions were held unchanged.

- If life expectation would increase (decrease) by one year, the defined benefit obligation would increase by Rs 21.7 M (decrease by Rs 21.7 M) if all assumptions were held unchanged.

- In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(xv) Five year summary – Experience adjustment

Amounts recognised in statement of financial position:

	30 June 2017 MUR	31 December 2015 MUR	31 December 2014 MUR	31 December 2013 (Restated) MUR	31 December 2012 (Restated) MUR
Present value of funded obligation	794,349,530	727,804,418	677,619,115	670,531,072	485,944,924
Fair value of plan assets	(550,497,042)	(559,172,301)	(298,461,467)	(316,485,350)	(374,967,115)
	243,852,488	168,632,117	379,157,648	354,045,722	110,977,809
Unrecognised actuarial (loss)/gain	–	–	–	–	–
Liability in statement of financial position	243,852,488	168,632,117	379,157,648	354,045,722	110,977,809

Reconciliation of the present value of defined benefit obligation:

Present value of obligation at start of period	727,804,418	677,619,115	670,531,072	485,944,924	465,994,150
Current service cost	9,923,364	7,126,083	6,965,121	6,753,249	9,513,318
Interest cost	70,960,931	50,821,434	53,642,486	38,875,594	46,599,415
Benefits paid	(72,114,840)	(47,413,261)	(46,784,676)	(109,261,844)	(23,544,202)
Liability (gain)/ loss	57,775,657	39,651,047	(6,734,888)	248,219,149	(12,617,757)
Present value of obligation at end of period	794,349,530	727,804,418	677,619,115	670,531,072	485,944,924

Reconciliation of fair value of plan assets:

Fair value of plan assets at start of period	559,172,301	298,461,467	316,485,350	374,967,115	355,355,118
Expected return on plan assets	52,008,688	32,135,902	23,920,553	26,259,508	35,120,475
Employer contributions	15,908,691	8,579,378	8,781,769	11,671,085	11,226,624
Employer Special Contribution	–	296,200,000	–	–	–
Employee contributions	5,023,797	2,851,218	3,315,582	4,401,379	4,243,806
Benefits paid + other outgo	(72,432,214)	(47,596,151)	(47,054,234)	(109,519,004)	(23,771,174)
Asset gain/(loss)	(9,184,221)	(31,459,513)	(6,987,553)	8,705,267	(7,207,734)
Fair value of plan assets at end of period	550,497,042	559,172,301	298,461,467	316,485,350	374,967,115

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

18. INSURANCE PREMIUM

The Government of Mauritius paid a total of MUR 48.03 Million to the Fund, representing General Insurance Premium for Crop 2016 for all Insureds having a sugar production of up to 60 tons.

19. INVESTMENT INCOME

	30 June 2017 MUR	31 December 2015 MUR
Interest Income on:		
Held to maturities securities/ deposits	49,421,845	64,004,192
Cash and cash equivalent	13,166,135	14,704,913
Loans & receivables	6,056,723	7,115,550
Available-for-sale securities	21,101,125	10,074,273
Total Interest Income	89,745,828	95,898,928
Dividends	33,360,516	25,502,618
	123,106,344	**121,401,546**

20(a) EXCHANGE AND OTHER GAINS

On AFS Securities (reversal of impairment loss)	200,000	–
On translation of foreign currency deposits	–	103,407,538
On revaluation of investment properties	53,517,381	3,900,000
On held to maturity securities	–	1,071,900
On disposal of foreign currencies	949,271	–
	54,666,652	**108,379,438**

20(b) EXCHANGE AND OTHER LOSSES

On translation of foreign currency deposits	14,708,271	–
On fair value of securities	2,475,400	269,453
Impairment of local unquoted securities	–	300,000
	17,183,671	**569,453**

21. PROFIT ON SALE OF AFS SECURITIES & PPE

Profit on sale of AFS Securities	32,179,648	3,636,804
Profit on sale of PPE	58,770	243,426
	32,238,418	**3,880,230**

22. GENERAL INSURANCE COMPENSATION

The crop reduction percentages (CR%) for all Enlarged Factory Areas (EFAs) has been below the Statutory threshold of 17% for Crop 2016 and no event year is declarable under the law.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

23. ADMINISTRATIVE EXPENSES

	30 June 2017 MUR	31 December 2015 MUR
Included in administrative expenses are:		
Staff costs	132,634,069	93,716,185
Provision for Employees Benefits	7,778,452	4,782,515
Depreciation	7,024,955	6,974,834
Amortisation of Intangible Assets	1,750,522	1,744,288
Directors fees	5,760,000	3,015,847
Auditors' remuneration	350,000	275,000

24. REINSURANCE PREMIUM

Having regards to its ability to muster maximum probable losses and in view of hardening crop reinsurance market, the Board since the year 2012 decided to bear the full insurance risks.

25. BUDGET COMPARED TO ACTUAL

(i) General Insurance Premium

The General Insurance Premium for crop 2016 was budgeted based among others on

1) a sugar price of MUR 13,000 per metric tonne and
2) a total insurable sugar (TIS) of 404,247 metric tonnes.

The final weighted average sugar price for insurance purposes was determined at MUR 15,804 per metric tonne and a TIS of 437,279 metric tonnes.

(ii) Interest Receivable

Interest receivable was much lower than budgeted due to:

1) Foreign currency deposits placed at negligible interest yields or being non remunerative.
2) The disbursement of some MUR 822 Million during the reporting period in form of General Compensation and Financial Assistance for Crop 2015 resulted in a drastic fall in Funds available for investments.

(iii) Dividend Receivable

Dividend Receivable decreased due to the disposal of part of the Fund's holding on the local stock market in February/March 2016 to finance the payment of General Compensation and Financial Assistance Crop 2015.

(iv) Share of Profit in Associate

The Fund's Budget for the 18 months period was not consolidated to include the expected performance of its Associate (SICOM Ltd).

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

25. BUDGET COMPARED TO ACTUAL (CONT'D)

(v) Exchange and other gains / losses

a) Exchange loss is a result of translation of short term deposits mainly held in Euro and USD at the end of period spot rate. The USD spot rate used for translation at this period end was lower than that of the previous reporting date and thus resulted in a loss amounting to some MUR 14.7M .

b) The revaluation of Investment properties at period end by a professional valuer resulted in revaluation gains amounting to some MUR53.5M.

(vi) ***Assistance to Insureds***

Due to substantial fall in sugar price, provision has been made for the payment of a financial assistance to Insureds at the tune of MUR1,250 per ton of sugar produced.

(vii) Administrative Expenses

Administrative Expenses include:

a) Retirement benefit obligation charged (MUR 8.26M) and determined by SICOM Ltd, the Pension Fund Manager after an actuarial evaluation of the Staff Pension Fund at end of reporting date.

b) Voluntary Retirement Compensation of some MUR 15.5M was paid as an adjustment to previous compensation paid.

c) Severance allowance of MUR 3.71M paid to an ex-employee for unfair dismissal.

(viii) Fire Insurance Compensation

The budgeted fire compensation was based on previous years claims experience while crop 2016 actually experienced an increased prominence of fire outbreaks over both the crop cycle (189 cases for 198 hectares) and harvest season (transport allowance to 142 eligible Insureds).

26. RELATED PARTY TRANSACTIONS

The Fund is making the following related party transaction disclosures in accordance with IAS 24, Related Party Disclosures:

(a) Outstanding balances	**30 June 2017 MUR**	**31 December 2015 MUR**
Loans advanced to key management personnel under condition of service	106,667	298,666
(b) Transactions with entity under common directorship		
(i) Short Term Loans	168,163,843	7,412,000
(ii) Deposits with financial institutions	_	635,039,224
(iii) AFS securities	_	225,190,605

Transactions with entity under common directorship represent loans granted to the Mauritius Sugar Syndicate.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

26. RELATED PARTY TRANSACTIONS (CONT"D)

These transactions have been effected at full arm's length.

	30 June 2017 MUR	31 December 2015 MUR
(c) Compensation of key management personnel:		
- Short term benefits	5,839,176	3,975,651
- Post-employment benefits contribution	838,660	611,609
- Other benefits	1,576,770	1,058,162
	8,254,606	5,645,422

(d) Disclosure of control:

The Fund in its ordinary course of business transacts with its Associate (SICOM Ltd) as follows:

(i) Provider of Insurance on Property, Plant and Equipment (PPE)
Insurance on PPE was contracted with the Associate following a tendering exercise conducted by the Fund's Insurance Broker.

(ii) Staff Pension Fund Manager
As per Statutory requirements, SICOM Ltd is the Board's Staff Pension Fund Manager.

As per provisions of the Act constituting the Fund, the Directors represent the interest of stakeholders. However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

27. FINANCIAL INSTRUMENTS

27.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.17 to the financial statements.

27.2 Categories of financial instruments

Financial assets

	30 June 2017 MUR	31 December 2015 MUR
- Held to maturity investments	1,044,130,064	1,145,964,539
- Loans and Receivables (including cash & Cash Equivalents and excluding prepayments)	1,305,142,201	1,907,909,819
- Available for sale financial assets	1,551,751,723	1,352,747,902
	3,901,023,988	**4,406,622,260**

Financial liabilities

Liabilities	**752,750,067**	**1,056,086,438**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 Financial risk management

The Fund is exposed to financial risks namely market risk (including currency risk, interest rate risk and market price risk), credit risk and liquidity risk.

(i) Price Management

The Fund's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

- ***Foreign currency risk management***

The Fund undertakes certain transactions denominated in foreign currencies. Hence, the Fund is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currencies listed below may change in a manner which has a material effect on the reported values of its financial assets and financial liabilities. The price paid to producers being influenced by the value of foreign currency exchange rates, reserves have been built in foreign currencies.

The currency profile of the financial assets and financial liabilities is summarised as follows:-

Currency profile

Currency	Financial Assets June 2017 MUR	Financial Liabilities June 2017 MUR	Financial Assets December 2015 MUR	Financial Liabilities December 2015 MUR
Mauritian Rupees	2,124,379,834	752,750,067	2,119,941,930	1,056,086,438
United States Dollars	876,463,514	–	738,656,313	–
Euro	872,175,142	–	1,515,429,855	–
British Pounds	28,005,498	–	32,594,162	–
	3,901,023,988	**752,750,067**	**4,406,622,260**	**1,056,086,438**

The Fund is mainly exposed to USD and Euro.

The following table details the Fund's sensitivity to a 1% increase and decrease in the Rupee against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Rupee strengthens by 1% against the relevant currency. There would be an equal and opposite impact on profit and other equity, if the rupee weakens by 1%.

	30 June 2017 MUR	31 December 2015 MUR
(a) USD Impact		
Profit or loss in statement of financial position	4,859,439	4,568,543
Revaluation Reserve in statement of financial position	3,905,196	2,818,020
(b) EURO Impact		
Profit or loss in statement of financial position	7,136,388	13,723,586
Revaluation Reserve in statement of financial position	1,585,363	1,430,713

The above is mainly attributable to:

(i) available-for-sale securities
(ii) short term deposits
(iii) held to maturity securities

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 Financial risk management (cont'd)

- *Interest rate risk management*

The Fund has limited exposure to interest rate risk as none of its financial liabilities is interest bearing, all of the Fund's loans receivable and most of its fixed deposits are fixed-interest bearing, while only part of its quoted notes and bonds are at floating interest rates. A 25 basis point change in interest rate has an effect of some MUR 421,000 on the Fund's interest receivable.

The interest rate profile of the financial assets of the Fund was:-

Financial assets	**Currency**	**Fixed Interest rate (%)**		**Floating Interest rate (%)**	
		2017	**2015**	**2017**	**2015**
Cash at Bank	MUR	–	–	0.00 - 2.80	0.00 - 3.50
Loan to MSS	MUR	2.60 - 3.00	3.20	–	–
Fixed deposits	MUR	4.00 - 6.00	3.75 - 6.00	4.75	4.35 - 4.75
Short term deposits	GBP	0.90 - 1.50	1.50	–	–
Fixed deposits	USD	0.80 - 1.75	0.80 - 1.75	–	–
Fixed deposits	EUR	1.10 - 2.25	0.15 - 1.85	–	–
Debentures/Notes	MUR	5.25 - 6.30	–	5.20 - 6.25	5.60 - 5.75

- ***Market Management risk***

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices no matter whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The carrying amount of investments which are traded on the market may be subject to market price variations. The Fund manages this risk by holding a diversified portfolio of investments in Mauritius and overseas.

The following table details the Fund's sensitivity to a 1% decrease/increase in the price of its equity investments.

	30 June 2017 MUR	**31 December 2015 MUR**
Available-for-sale securities	15,517,517	13,527,479

(ii) Credit risk management

Credit risk is the risk that a counter party will default on its contractual obligations resulting in financial loss to the fund. The Fund's credit risk is primarily attributable to its insurance receivables. However, there was no concentration of credit risk at end of reporting period since there were no outstanding insurance receivables.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 Financial risk management (cont'd)

(iii) Liquidity risk management

The Fund is exposed to calls on its available cash resources mainly from substantial claims arising from insurance contracts.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate liquidity reserves, banking facilities and highly liquid investments, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets.

The following table details the Fund's expected maturity for its financial assets. The table has been drawn up based on the undiscounted cash flow of contractual maturities of the financial assets including interest that will be earned on those assets except where the fund anticipates that cash flow will occur in a different period.

	Within 1 month MUR	*1 to 3 months MUR*	*3 months to 1 year MUR*	*More than 1 year MUR*	*No fixed maturity MUR*
Held to maturity (incl. interest)	41,750,685	68,457,370	–	933,922,009	–
Available-for-sale	–	–	20,091,366	278,257,759	1,253,402,598
Loans & Receivables (excluding prepayments)	150,604	168,526,056	13,660,468	9,442,220	38,185
Cash & cash equivalents	858,865,140	50,377,153	204,082,375	–	–
	900,766,429	**287,360,579**	**237,834,209**	**1,221,621,988**	**1,253,440,783**

The following table details the Fund's remaining maturity for its **contractual** liabilities. The table has been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Fund can be required to pay.

	Within 1 month MUR	*1 to 3 months MUR*	*3 months to 1 year MUR*	*More than 1 year MUR*
Liabilities	**1,179,973**	**2,357,388**	**455,470,358**	**306,772**

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

28. MANAGEMENT OF INSURANCE RISKS

Insurance risk

The risk under any one insurance contract is the possibility of occurrence of any risk covered and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Fund faces under its insurance contracts is the actual claims and benefit payments not covered by the reinsurance contracts.

Insurance contracts

(i) Frequency and severity of claims

If any, their severity is largely dependent upon the occurrence of cyclones, droughts and excessive rainfall.

(ii) Concentration of insurance risks

The Fund's main activities are restricted to providing insurance to the Sugar Industry against losses in sugar production; it faces similar risks in all of its insurance contracts such that the variability of the expected outcome cannot be reduced.

(iii) Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-assessment basis. The Fund is liable for all insured risks that occurred during the crop year, even if the loss is discovered after the end of the crop year.

Although the Fund has in place estimation processes which consider all the factors that can influence the amount and timing of cash flows about the estimated costs of claims, such processes may prove to be very uncertain since the claims are mostly long tail. The Fund takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

29. FINANCIAL COMMITMENTS

At end of reporting period, the Fund had entered into contract for purchase of office desks and office chairs for a sum of MUR 873,885; expenditure not yet incurred.

30. TAXATION

The Fund is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

31. SENSITIVITY ANALYSIS

The risks associated with the insurance contracts are complex and subject to a number of variables. The Fund uses internal and external data to measure its claims. Internal data is derived mostly from the Fund's records.

For Crop 2016, the following variables are relevant:

(i) Climatic conditions

Climatic conditions relates to the effects of cyclonic winds, excessive rainfall and drought.

(ii) Islandwide tonnage of canes of 3,798,657 tonnes.

Islandwide tonnage of canes is the total tonnage of canes harvested and received at mills.

(iii) Islandwide extraction rate of 10.25%

Islandwide extraction rate is the sugar to be extracted from canes milled for sugar production based on the average % polarisation of cane (richesse).

(iv) Islandwide sugar production of 389,238 tonnes

Islandwide sugar production is the total estimated sugar produced out of the total estimated tonnage of canes milled at the estimated islandwide extraction rate.

(v) Harvestable Extent of 50,990 Hectares

Harvestable extent is the total land under cane cultivation meant for sugar production.

(vi) Islandwide Total Insurable Sugar 437,279 tonnes

Islandwide total insurable sugar is based on the individual sugar potential of each insured and the estimated harvestable extent of cane growers.

(vii) Islandwide average ranking 12.40

The islandwide average ranking is the average ranking of all insureds weighted by their TIS (potential).

The main variable which has the most material effect on insurance liabilities is islandwide Sugar Production expressed as a percentage of islandwide Total Insurable Sugar.

32. CONTINGENT LIABILITY

In line with IAS 37, the following contingent liability is being disclosed.

Deep River Beau Champ Ltd v/s Sugar Insurance Fund Board

No event year was declared for Crop 2010. Deep River Beau Champ (DRBC) Ltd appealed to the Supreme Court to alter the Board’s decision. Further to the decision of the Supreme Court, an arbitrator has been nominated and the matter is yet to be finalised. The Board maintains its view that the probability of the outcome of the case being in favour of DRBC Ltd is very low. In the event the outcome is in favour of DRBC Ltd, the estimated liability to the Board is estimated at some MUR 24 Million for that crop year, while adjustment is expected in premium receivable for crop years 2011, 2012, 2013, 2014, 2015 and 2016 following Insureds’ compensation for Crop 2010. Such adjustment in premium receivable cannot be computed at this stage.

NOTES TO THE FINANCIAL STATEMENTS
for the 18 months ended 30 June 2017

33. CLAIMS HISTORY AND DEVELOPMENT

The claims history and development is summarised below:

General and Fire insurance

Crop Year	General and Fire Compensation	General and Fire Premium (gross)	Loss Ratio
2016	12,612,851*	237,455,450 **	5.32%
2015	414,054,000	207,962,000 **& ***	199.10%
2014	7,250,000*	192,344,374 ** & ***	3.70%
2013	7,469,662*	271,200,000 **	2.80%
2012	7,731,929*	293,800,000 **	2.60%
2011	199,744,600	574,000,000 ***	34.80%
2010	19,158,000*	512,194,395 ***	3.70%
2009	195,755,311	651,131,000 ***	30.10%

* Fire Compensation only

** Based on new insurance terms.

*** Before deduction of discounts given to Insureds. (Rs 200.55 Million in 2015, 185.23 Million in 2014, Rs 397.6 Million in 2011, Rs 354.2 Million in 2010 and Rs 64.46 Million in 2009)

No reinsurance proceeds were receivable for crop years 2007 to 2016.

34. CONTROLLING PARTY

The Government of Mauritius is regarded as the controlling party as it appoints the Directors of the Fund.

Financial and Statistical Tables

Table I : Statement of Funds

Financial Year/ period	Income				Expenditure				Operating Surplus/ (Deficit)	Accumulated Funds	Surplus/ (Deficit) on revaluation	Revaluation Reserves	Total Equity
	Gross Premium	Other contributions	Investments & Other Income	Total Income	Net compensation	Net Reinsurance Premium	Operating & other Expenses	Total Expenditure					
	Note 2	Note 3	Note 4		Note 5	Note 6	Note 7				Note 8		
Up tp 2007	14,402,136,069	2,109,608,146	3,553,043,267	20,064,787,482	13,044,438,872	2,385,788,480	1,607,044,605	17,037,271,957	3,027,515,525	**3,027,515,525**	850,811,907	**850,811,907**	**3,878,327,432**
2008	717,886,029	-	369,475,477	1,087,361,506	411,675,744	61,745,852	128,694,493	602,116,089	485,245,417	**3,512,760,942**	(143,040,861)	**707,771,046**	**4,220,531,988**
2009	651,131,000	6,119,201	252,833,741	910,083,942	196,582,562	53,810,602	210,954,003	461,347,167	448,736,775	**3,961,497,717**	210,842,707	**918,613,753**	**4,880,111,470**
2010	512,194,395	-	231,699,399	743,893,794	19,158,000	39,077,537	530,339,521	588,575,058	155,318,736	**4,116,816,453**	234,971,747	**1,153,585,500**	**5,270,401,953**
2011	574,000,000	-	197,394,861	771,394,861	199,917,308	38,197,390	591,209,638	829,324,336	(57,929,475)	**4,058,886,978**	32,504,741	**1,186,090,241**	**5,244,977,219**
2012 (Restated)	293,800,000	-	1,000,101,144	1,293,901,144	7,731,929	-	140,573,741	148,305,670	1,145,595,474	**5,204,482,452**	(561,796,941)	**624,293,300**	**5,828,775,752**
2013 (Restated)	271,520,300	-	296,510,208	568,030,508	7,469,662	-	535,157,275	542,626,937	25,403,571	**5,229,886,023**	148,461,755	**772,755,055**	**6,002,641,078**
2014	192,155,641	7,072,238	341,441,261	540,669,140	7,250,000	-	1,257,056,844	1,264,306,844	(723,637,704)	**4,506,248,319**	(35,635,428)	**737,119,627**	**5,243,367,946**
2015	207,934,630	-	327,139,143	535,073,773	414,130,480	-	811,270,641	1,225,401,121	(690,327,348)	**3,815,920,971**	(33,581,276)	**703,538,351**	**4,519,459,322**
2017	237,455,450	-	343,224,912	580,680,362	12,612,851	-	729,063,695	741,676,546	(160,996,184)	**3,654,924,787**	144,003,391	**847,541,742**	**4,502,466,529**
TOTAL	**18,060,213,514**	**2,122,799,585**	**6,912,863,413**	**27,095,876,512**	**14,320,967,408**	**2,578,619,861**	**6,541,364,456**	**23,440,951,725**	**3,654,924,787**		**847,541,742**		

1. Figures for financial years 2003/2004 , 2004/2005 and 2007 have been restated on application of new IFRS .
2. Gross Premium includes Total General and Fire Premium receivable from all insureds.
3. Other contributions include receipts from Price Stabilisation Fund, cyclone and Drought Reserve Fund, Special levy, Recoveries from Reinsurers and other transfers from reserves.
4. Other income includes all other items not classified under Note 2 and 3 and also includes items posted directly to reserves.
5. Net compensation includes amounts payable during the financial year/period, net of adjustments.
6. Reinsurance premium is based on amounts payable during the financial year/period, net of adjustments.
7. Operating & Other expenses include all other items not classified under Note 5 and 6.
8. Also Includes transfer of revaluation surplus on disposal and movement in reserves on recognition of Associates in 2012.

Table II: Fire Statistics (Inter-Crop 2016)

SECTOR	Cases Compensated (Number)	Effective Area Burnt (Hectares) (1)	Total Area Harvested (Hectares) (2)	Area Burnt as % of Total Area Harvested (1)/(2)
North	47	44.734	11,048	0.39%
East	28	40.055	15,375	0.26%
South	36	35.548	15,505	0.22%
West	5	2.869	4,605	0.07%
Centre	6	6.794	4,457	0.15%
ISLAND	**122**	**130.000**	**50,990**	**0.25%**

Table III: Sugar Price for Insurance

Crop Year	Planters	Millers	Weighted
	(Rupees)		
2005	17,392	17,050	**17,317**
2006	17,120	16,700	**17,028**
2007	18,206	17,900	**18,139**
2008	16,444	16,000	**16,346**
2009	15,627	15,000	**15,489**
2010	13,409	12,700	**13,253**
2011	16,013	15,300	**15,856**
2012	17,133	16,500	**16,994**
2013	17,091	16,500	**16,961**
2014	13,184	12,500	**13,034**
2015	13,735	13,000	**13,573**
2016	15,946	15,300	**15,804**

Table IV: Events (1957 - 2016)

Events	1957 to 1959	1960 to 1969	1970 to 1979	1980 to 1989	1990 to 1999	2000 to 2009	2010 to 2016	Total
C	1	4	2	1	1	--	--	**9**
C & D	--	2	2	--	2	--	--	**6**
C, D & E	--	--	1	--	--	4	--	**5**
C & E	--	--	--	2	--	--	--	**2**
D	2	4	2	4	5	1	1	**19**
D & E	--	--	2	2	2	4	--	**10**
E	--	--	1	1	--	1	1	**4**

Table V: Events by Factory Area, 2006 - 2016

ENLARGED FACTORY AREA	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TERRA (NORTH)										
Belle Vue	C&D&E	D&E	D&E	---	D	---	---	---	---	---
Beau Plan	C&D&E	D&E	D&E	---	D	---	---	---	---	---
Mon Loisir	C&D&E	D&E	D&E	---	D	---	---	---	---	---
ALTEO (CENTRE/ EAST)										
Beau Champ	C&D&E	E	D&E	---	D	---	---	---	E	---
Constance	C&D&E	E	D&E	---	D	---	---	---	E	---
FUEL	C&D&E	E	D&E	---	D	---	---	---	E	---
Mon Desert Alma	C&D&E	E	D&E	---	D	---	---	---	E	---
Highlands	C&D&E	E	D&E	---	D	---	---	---	E	---
OMNICANE (SOUTH)										
Britannia	C&D&E	E	E	---	D	---	---	---	E	---
Mon Trésor	C&D&E	E	E	---	D	---	---	---	E	---
Riche-en-Eau	C&D&E	E	E	---	D	---	---	---	E	---
Rose-Belle	C&D&E	E	E	---	D	---	---	---	E	---
Savannah	C&D&E	E	E	---	D	---	---	---	E	---
St Félix	C&D&E	E	E	---	D	---	---	---	E	---
Union St. Aubin	C&D&E	E	E	---	D	---	---	---	E	---
MEDINE (CENTRE/ WEST)										
Médine	C&D&E	D&E	D&E	---	D	---	---	---	---	---
Reunion	C&D&E	E	D&E	---	D	---	---	---	---	---

C: Cyclone
D: Drought
E: Excessive Rainfall

Table VI: Credit Co-operative Societies, Crop 2016

ENLARGED FACTORY AREA	Planters	Area Harvested	Sugar Accrued	Insurable Sugar	General Premium	Fire Premium	General Compensation
	(Count)	(Hectares)	(Tonnes)		(Rupees)		
TERRA	1,540	1,700	10,694	11,371	7,340,261	190,493	-
ALTEO	3,549	3,348	16,441	20,945	12,864,170	350,831	-
OMNICANE	2,082	2,156	11,031	13,234	7,826,257	225,118	-
MEDINE	128	239	1,228	1,691	1,116,375	28,330	-
ISLAND	**7,299**	**7,443**	**39,393**	**47,242**	**29,147,063**	**794,772**	**-**

Table VII: Millers, Crop 2016

ENLARGED FACTORY AREA	Sugar Accrued	Insurable Sugar	General Premium	Fire Premium	General Compensation
	(Tonnes)		(Rupees)		
TERRA	20,739	20,784	11,765,856	348,133	-
ALTEO	30,521	35,776	18,501,361	599,253	-
OMNICANE	25,851	29,449	13,471,970	493,268	-
MEDINE	8,316	10,081	5,090,060	168,862	-
ISLAND	**85,427**	**96,091**	**48,829,247**	**1,609,516**	**-**

Table VIII: Analysis by Ranking, Crop 2016

Ranking	Insureds	Area Harvested	Canes Milled	Insurable Sugar	Sugar Accrued	General Premium	Fire Premium	General Compensation
	(Number)	(Hectares)	(Tonnes)			(Rupees)		
5.0- 5.4	161	117	6,971	608	527	397,913	9,508	-
5.5- 5.9	648	539	33,327	3,010	2,539	2,085,158	50,427	-
6.0- 6.4	2,863	2,638	156,524	15,265	12,126	10,453,359	255,680	-
6.5- 6.9	832	1,079	65,328	6,028	5,249	4,062,816	100,951	-
7.0- 7.4	850	839	54,619	5,032	4,264	3,353,412	84,289	-
7.5- 7.9	980	1,497	89,594	9,142	7,024	6,022,016	153,116	-
8.0- 8.4	1,054	1,451	97,071	8,593	7,672	5,595,572	143,959	-
8.5- 8.9	1,019	1,220	80,691	8,245	6,397	5,296,701	138,110	-
9.0- 9.4	820	2,217	142,540	13,671	11,292	8,599,618	227,380	-
9.5- 9.9	837	3,737	274,566	24,844	22,828	15,502,633	416,137	-
10.0-10.4	531	537	36,463	3,415	2,804	2,081,683	57,196	-
10.5-10.9	498	643	44,679	4,210	3,483	2,515,138	70,518	-
11.0-11.4	426	4,025	318,906	47,497	45,073	27,262,774	795,122	-
11.5-11.9	375	351	23,888	2,265	1,819	1,285,465	37,935	-
12.0-12.4	337	3,736	294,027	24,355	24,958	13,344,281	407,181	-
12.5-12.9	278	5,187	408,307	71,313	65,670	37,327,782	1,194,511	-
13.0-13.4	232	257	16,945	11,832	9,600	5,997,132	198,188	-
13.5-13.9	195	235	15,810	1,623	1,210	807,494	27,188	-
14.0-14.4	167	164	12,451	30,629	26,823	14,035,571	513,036	-
14.5-15.0	630	20,522	1,625,950	145,700	127,880	64,106,281	2,440,482	-
ISLAND	**13,733**	**50,990**	**3,798,657**	**437,279**	**389,238**	**230,132,799**	**7,320,914**	**-**

Table IX: Area Harvested & Cane Weight, Crop 2016

ENLARGED FACTORY AREA		Up to 0.49 H	0.5 to 0.99 H	1 to 1.99 H	2 to 4.99 H	5 to 9.99 H	10 to 99.99 H	100 H and above	TOTAL
TERRA	Area Harvested (Hectares)	441	484	618	651	213	344	8,298	**11,048**
	Cane Weight (Tonnes)	32,442	34,335	45,796	47,429	15,689	26,585	646,226	**848,501**
ALTEO	Area Harvested (Hectares)	765	1,323	1,294	1,655	822	442	13,531	**19,832**
	Cane Weight (Tonnes)	52,321	83,212	83,721	106,050	51,337	26,961	1,013,523	**1,417,125**
OMNICANE	Area Harvested (Hectares)	566	722	711	860	505	793	11,347	**15,505**
	Cane Weight (Tonnes)	37,608	43,746	46,435	56,031	30,778	46,827	899,878	**1,161,303**
MEDINE	Area Harvested (Hectares)	33	47	68	74	204	234	3,945	**4,605**
	Cane Weight (Tonnes)	2,067	3,016	3,713	5,103	12,959	12,428	332,442	**371,728**
ISLAND	**Area Harvested (Hectares)**	**1,805**	**2,576**	**2,692**	**3,240**	**1,744**	**1,813**	**37,121**	**50,990**
	Cane Weight (Tonnes)	**124,439**	**164,308**	**179,666**	**214,612**	**110,763**	**112,800**	**2,892,069**	**3,798,657**

Table X: Number of Insureds, Sugar Produced & Insurable Sugar, Crop 2016

ENLARGED FACTORY AREA		Up to 0.49 H	0.5 to 0.99 H	1 to 1.99 H	2 to 4.99 H	5 to 9.99 H	10 to 99.99 H	100 H and above	Miller	TOTAL
TERRA	Number of Insureds	1,690	684	442	224	32	15	8	1	3,096
	Sugar Accrued (Tonnes)	2,718	2,883	3,825	3,965	1,342	2,225	56,548	20,739	**94,245**
	Insurable Sugar (Tonnes)	3,006	3,254	4,183	4,447	1,439	2,355	55,005	20,784	**94,473**
ALTEO	Number of Insureds	2,945	1,785	926	566	118	28	5	1	6,374
	Sugar Accrued (Tonnes)	3,893	6,000	6,136	7,957	3,894	2,115	77,716	30,521	**138,233**
	Insurable Sugar (Tonnes)	4,787	7,597	7,699	10,196	5,100	2,789	88,676	35,776	**162,620**
OMNICANE	Number of Insureds	2,064	987	511	289	76	21	14	1	3,963
	Sugar Accrued (Tonnes)	2,936	3,391	3,600	4,331	2,366	3,643	71,929	25,851	**118,047**
	Insurable Sugar (Tonnes)	3,603	4,290	4,448	5,330	3,158	4,760	78,807	29,449	**133,845**
MEDINE	Number of Insureds	119	65	50	23	29	9	4	1	300
	Sugar Accrued (Tonnes)	161	234	289	401	1,036	1,015	27,262	8,316	**38,713**
	Insurable Sugar (Tonnes)	194	282	403	470	1,481	1,760	31,670	10,081	**46,342**
ISLAND	**Number of Insureds**	**6,818**	**3,521**	**1,929**	**1,102**	**255**	**73**	**31**	**4**	**13,733**
	Sugar Accrued (Tonnes)	**9,707**	**12,509**	**13,851**	**16,654**	**8,639**	**8,998**	**233,454**	**85,427**	**389,238**
	Insurable Sugar (Tonnes)	**11,590**	**15,423**	**16,733**	**20,442**	**11,178**	**11,665**	**254,159**	**96,091**	**437,279**

Table XI: General Premium & Compensation, Crop 2016

ENLARGED FACTORY AREA		Up to 0.49 H	0.5 to 0.99 H	1 to 1.99 H	2 to 4.99 H	5 to 9.99 H	10 to 99.99 H	100 H and above	Miller	TOTAL
TERRA	General Premium (Rs)	1,948,291	2,110,518	2,710,266	2,859,252	888,153	1,452,623	30,213,947	11,765,856	**53,948,906**
	General Compensation (Rs)	-	-	-	-	-	-	-	-	-
ALTEO	General Premium (Rs)	2,964,094	4,800,496	4,792,561	6,318,533	3,133,664	1,683,772	45,455,827	18,501,361	**87,650,308**
	General Compensation (Rs)	-	-	-	-	-	-	-	-	-
OMNICANE	General Premium (Rs)	2,218,077	2,667,326	2,729,117	3,287,671	1,891,116	2,262,881	37,327,852	13,471,970	**65,856,010**
	General Compensation (Rs)	-	-	-	-	-	-	-	-	-
MEDINE	General Premium (Rs)	126,750	182,953	261,459	305,135	978,755	1,148,736	14,583,727	5,090,060	**22,677,575**
	General Compensation (Rs)	-	-	-	-	-	-	-	-	-
ISLAND	**General Premium (Rs)**	**7,257,212**	**9,761,293**	**10,493,403**	**12,770,591**	**6,891,688**	**6,548,012**	**127,581,353**	**48,829,247**	**230,132,799**
	General Compensation (Rs)	-	-	-	-	-	-	-	-	-

Table XII: Past Years Data (2005 – 2016)

Crop Year	Insureds	Area Harvested	Canes Milled	Sugar Accrued	Insurable Sugar	General Premium	General Compensation	Crop Reduction	Events
	(Number)	(Hectares)	(Tonnes)			(Rupees Thousands)		%	
2004	27,617	68,745	5,281,455	574,140	644,356	849,606	349,302	11%	E
2005	26,898	67,404	4,984,315	521,541	628,854	889,665	566,857	17%	D & E
2006	25,693	65,243	4,695,173	506,576	608,730	843,454	581,800	17%	D; E; C: Diwa
2007	24,342	63,188	4,236,793	438,068	567,003	830,595	848,782	23%	D; E; C: Gamede
2008	22,747	60,381	4,533,384	455,374	540,382	711,852	406,633	16%	D & E
2009	21,498	59,108	4,666,949	470,895	523,354	644,223	178,644	10%	D & E
2010	20,311	57,670	4,365,794	457,131	493,306	505,976	-	7%	---
2011	18,816	55,777	4,230,173	439,406	481,003	567,738	191,283	9%	D
2012	17,546	53,428	3,947,285	412,876	462,114	288,595	-	11%	---
2013	16,533	52,312	3,815,782	408,536	447,550	265,733	-	9%	---
2014	14,925	49,791	4,044,421	404,146	424,715	185,232	-	4.8%	---
2015	14,575	51,694	4,009,232	369,531	442,394	200,572	406,905	16.5%	E
2016	13,733	50,990	3,798,657	389,238	437,279	230,133	-	11.0%	---

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