

Office of the Auditor General



Special Audit of the Cold Storage Facility project by the Seychelles Trading Company Limited (STCL)



16 March 2026

Office of the Auditor General

AUDITING FOR SEYCHELLES

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16 March 2026

H.E. President of the Republic of Seychelles
State House
Victoria

Dear Mr President

As per your request under Article 158 (7) of the Constitution of the Republic, I have undertaken an independent special audit of the cold storage facility project implemented by Seychelles Trading Company Limited during the period 2022 to 2025 with a view to assess as to whether it represents value for money. The audit was conducted in accordance with the authority contained in Section 13 of the Auditor General Act, 2010.

A handwritten signature in black ink, appearing to read 'Gamini Herath', with a long horizontal stroke extending to the right.

Gamini Herath
Auditor-General
Office of the Auditor General
Victoria, Seychelles

Acknowledgements

I wish to record my personal gratitude to members of my staff who sincerely carried out their duties with dedication and devotion despite various constraints. I also acknowledge the assistance and co-operation extended by the management of the STCL, in particular, the Deputy Chief Executive Officer.

A very special thank-you goes to the Finance and Public Accounts Committee (FPAC) of the National Assembly for review of my reports and making appropriate recommendations to the Government for remedial action and improvements.

General Disclaimer

The findings and conclusions in this report are based solely on the review of the records, documents, accounts, information and assertions made available to the audit team by management and staff of the STCL.

While the audit has been undertaken in accordance with the relevant standards and best audit practices applicable to Supreme Audit Institutions with the objective of obtaining sufficient and reliable evidence, there is some risk that audit may not detect all control deficiencies, errors, governance and accountability issues associated with the implementation of the project.

Whereas there are legal provisions for any public officers of an audited body to fully co-operate with the Auditor General, there is no explicit legal provisions or powers granted to the Auditor General, to compel or request co-operation from third parties. As such, the audit did not include interviews or direct communication with third parties who were associated with the project but not subject to these powers. Any information or insights that could have been obtained from these third parties may not be reflected in this report.

It is also to be noted that mentioning of the names of any business entity, person, or an individual in this report is without any prejudice or ill will to such persons but only for the purpose of better understanding of the issues arising from the audit.

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1 Executive Summary

- 1.1. A special audit of the newly constructed Cold Storage Facility project financed by the Seychelles Trading Company Limited (STCL) was undertaken at the request of the President of the Republic of Seychelles.
- 1.2. The audit covered the period January 2021 to December 2025 to provide adequate scope in terms of discussions and decisions leading to the inception of the project through to project execution and commissioning.
- 1.3. An overview of the project is given in the table below.

Project Name:	Cold Storage Facility
Project Owner:	Seychelles Trading Company Limited (STCL)
Main contractor:	SeyTurk Limited
Originally approved contract sum:	USD5,500,000
Revised contract sum excl. variations & extras:	USD5,095,000
Final payments to SeyTurk Limited incl. variations, extras & force majeure claim (exclusive of VAT):	USD7,649,341

- 1.4. The main objectives of constructing a new cold storage facility was to provide increased storage capacity for the perishable products i.e. meat, fruits and vegetables under optimal storage conditions, to provide the best infrastructure with a centralized command system to monitor and control the cold storage plants which consisted of chillers, freezers and blast freezer with internal processing rooms. This was with the intention of replacing the dilapidated infrastructure at the Meat Unit at Manglier Street and Fruits and Veg Unit at the Laurier Avenue in Victoria.

2 Key findings

- 2.1. Except for the capacity planning analysis conducted for a new cold storage facility, the project lacked a proper project proposal by STCL including needs analysis, options appraisal, and cost–benefit assessment.
- 2.2. Direct bidding to SeyTurk Limited was without a strong justification for selection raising concerns over the lack of comparability, competitiveness, transparency and fairness in the bidding process.

- 2.3. There was no documentation in evidence that a due diligence process had been undertaken prior to direct bidding to ensure that SeyTurk had the necessary technical and financial capacity to handle a cold-storage construction project of this magnitude. Moreover, SeyTurk Limited had not yet been registered as a company at the time STCL started initial discussions with one of its representatives.
- 2.4. The signed contract between STCL and SeyTurk Limited did not include a clear project scope, detailed Bill of Quantities, key contractual clauses, such as, clear deliverables, project duration and penalty and performance bond clauses to protect the interests of STCL.
- 2.5. STCL did not set up a proper Project Management structure to ensure efficient and effective planning, implementation and monitoring of the project.
- 2.6. The project encountered long delays from the commencement through the construction to the commissioning.
- 2.7. Some payments made did not meet the payment terms as per the signed contract (between STCL and SeyTurk Limited) and were not being certified by an independent and specialized Quantity Surveyor from the project commencement until late 2023.
- 2.8. Cost escalations totaling USD2.1m (39%) were incurred over and above the original contract sum of USD5.5m.
- 2.9. The force-majeure claim of USD509,500 by SeyTurk is questionable in the light of the contract provisions which did not adequately describe the basis/circumstances for such claims.
- 2.10. Post- commissioning, additional costs were incurred by STCL to rent steel cages and procure its own steel cages in the absence of the racking system which should have been implemented as part of the contract. Such additional costs were yet to be quantified by STCL at the time of the report.
- 2.11. As a result of the malfunctioning of the lighting system in one of its chillers, STCL dumped over 74 tons of sprouted onions of which the cost and disposal cost were estimated to be some SR706,176.
- 2.12. Three months after commencing operations, i.e. in October 2025, STCL raised with SeyTurk Limited a number of defects/omissions, namely, cold storage conditions not being met, storage capacity requirements not met, forklift not properly working, electrical drawings and detailed

technical plans which were not provided, fans not operational in two Units and racking system not delivered as per the contract. However, the financial implications, such as, any loss, avoidable cost, additional costs, etc. arising from these issues is yet to be estimated by STCL at the time of the report.

2.13. A significant decline in the operating profit and profit before tax was noted for two consecutive years in 2023 and 2024 compared to 2022.

3 Overall conclusion

- 3.1. Despite the substantial investment and strategic importance of the Cold Storage Facility Project, STCL did not adequately plan and manage the project. Consequently, the project resulted in lengthy time overruns, substantial cost overruns and incurring avoidable costs.
- 3.2. A number of additional costs, which have not been quantified, are being incurred by STCL in respect of renting of steel cages and purchase of steel cages due to non-delivery of the racking system included in the contract.
- 3.3. A number of items which should have been delivered by the contractor prior to commissioning of the facility are still outstanding with their arrival is expected in early 2026.
- 3.4. In view of the findings arising, Audit cannot provide assurance that the cold storage facility represented the most economical, efficient or effective use of STCL's resources, in other words value for the money spent thereon.

4 Recommendations

- 4.1. STCL should engage an independent, qualified, competent and reputed Quantity Surveyor to undertake a complete evaluation of the cold storage facility with a view to establish as to whether it represents value for the money from a technical point of view;
- 4.2. STCL should seek expert legal assistance to (a) ensure that the outstanding issues are resolved without any loss for STCL; (b) withhold the retention money should there be any contractual shortfall on the part of the contractor; (c) recover the force majeure settlement if it was not made on a valid basis; and (d) recover any losses incurred by STCL should they be attributed to the contractual shortfalls of the contractor.
- 4.3. STCL should strengthen its internal control system and the project monitoring structures to ensure that future projects are completed within time and budget limits. It should also look into the declining profitability of STCL for taking corrective action.
- 4.4. Authorities should cause an investigation to be done through a law enforcement agency, i.e. Police and/or Anti-Corruption Commission, with a view to establish whether there were corrupt practices in the implementation of the project and if anyone benefited through such practices.

PART ONE: Background

1.1.Introduction

- 1.1.1. A special audit of the new Cold Storage Facility project financed by the Seychelles Trading Company Limited (STCL) was undertaken following a request, dated 04 December 2025, from the President of the Republic of Seychelles.
- 1.1.2. The overall audit objective was to examine relevant records and documentation to establish whether the project resulted in value-for-money.

1.2.Scope and Methodology

- 1.2.1. The audit covered the period January 2021 to December 2025.
- 1.2.2. An initial meeting was held with the STCL's Deputy Chief Executive Officer (DCEO) and the new project coordinator/manager on 05 December 2025.
- 1.2.3. The audit entailed review of the contract agreements between STCL and SeyTurk Limited, Board minutes of meetings and sub-committee minutes of meetings, progress reports, payment records and supporting documents, audited financial statements of the STCL amongst other relevant documentary evidence relating to the Cold Storage Facility project.
- 1.2.4. Audit had to rely on the information and records provided by the STCL for the audit purpose as there was no specific project file or record maintained for the custody of all documents arising from the implementation of the project from outset to the completion.
- 1.2.5. Audit team conducted a site visit to the Cold Storage Facility on 04.02.2026 in the presence of the new project manager and the Chief Operating Officer (COO) of the facility.
- 1.2.6. The first draft report was forwarded to the management, to which a response was received on 12.02.2026, which is in **Annex 4** indicating action taken.
- 1.2.7. The second draft report was forwarded to management to which a response was received on 11 March 2026 reiterating more or less the previous replies;

subsequently, an exit meeting was held on 12 March 2026 with Deputy CEO, new Project Coordinator/manager and Internal Auditor.

1.3. Project overview

- 1.2.8. **Project Name:** Cold Storage Facility
- 1.2.9. **Project Owner:** Seychelles Trading Company Limited (STCL)
- 1.2.10. **Main contractor:** SeyTurk Limited.
- 1.2.11. **Ownership of SeyTurk Limited:** Three Directors namely Mr Jean Pierre Morin (40% shares), Mr. Osman Ethem Karaduman (30% shares) and Mr. Adem Oran (30% shares).
- 1.2.12. **Approving authority:** The project was approved by STCL Board. The composition of the STCL Board and the CEO post holders during the period 2021 to 2025 may be seen in **Annex 1 and 2**.
- 1.2.13. **Project objectives:** To provide increased storage capacity for the perishable products i.e. meat, fruits and vegetables under optimal storage conditions. To provide the best infrastructure with a centralized command system to monitor and control the cold storage plants which consisted of chillers, freezers and blast freezer with internal processing rooms. This was with the intention of replacing the dilapidated infrastructure at the Meat Unit at Manglier Street and Fruits and Veg Unit at the Laurier Avenue in Victoria.
- 1.2.14. **Project Scope:** The approved scope of works as per the signed Contract is as per the table below at an initial price of USD5.5m. Revised project costing was approved by the Board on 12 October 2023 to include variations totaling USD185,440 and additional works totaling USD1,839,697.53. Revised costing also reflected exclusion of two project components namely solar system at USD180,000 (Item J) and Generator at USD225,0000 (Item K), which totaled USD405,000. This resulted in a revised project cost ending at USD7.6m.

ITEM NO.	DESCRIPTION	QTY	UNIT PRICE (USD)	TOTAL PRICE (USD)
A	Architectural drawing, 3D drawing, planning submission.	1.00	75,000.00	75,000.00
B	Engineering plan and Planning submission.	1.00	35,000.00	35,000.00
C	Foundation, Boundary Wall & Car Park; reinforcement concrete base, raft system, backfill, reinforcement, car park	1.00	1,745,000.00	1,745,000.00
D	Superstructure: Internal and external steel construction with insulating iron sheets warehouse based.	1.00	255,000.00	255,000.00

ITEM NO.	DESCRIPTION	QTY	UNIT PRICE (USD)	TOTAL PRICE (USD)
E	Roof; second layer panels for facing of building and roof panels, gutters and downpipes.	1.00	95,000.00	95,000.00
F	Offices: first and second floor complete with interior design with office furniture and show cases.	1.00	145,000.00	145,000.00
G	Preparation Area: 2 Meat Area and 1 fruit & Veg Area, complete units with 2 units Meat Band saw, 2 units Meat Mincer Machine, stainless steel workstation (tables, washing area, etc.)	1.00	60,400.00	60,400.00
H	Receiving Area: 3 units Electrical Forklifts, 2 units of floor level electronic scales, workstation	1.00	144,000.00	144,000.00
I	Cold Storage Units: Cold storage system, racking system (complete units)	1.00	935,000.00	935,000.00
J	Solar System 250Kva: solar panels and connections. Control panels with complete system units.	1.00	180,000.00	180,000.00
K	Generator 500Kva complete with control panel and change over switch board	1.00	225,000.00	225,000.00
L	Plumbing & Drainage; all piping for water supply and drainage, all sanitary appliances as per plan, septic tank. Water tank for rain water harvest.	1.00	70,000.00	70,000.00
M	Electrical; all chasing, conduit and wiring, including socket outlets, switches, DB board, lighting etc.	1.00	150,000.00	150,000.00
N	Labour Services for all works till handover of keys (which includes salaries, accommodation, transportation/travel etc.)	1.00	1,385,600.00	1,385,600.00
			TOTAL	5,500,000.00

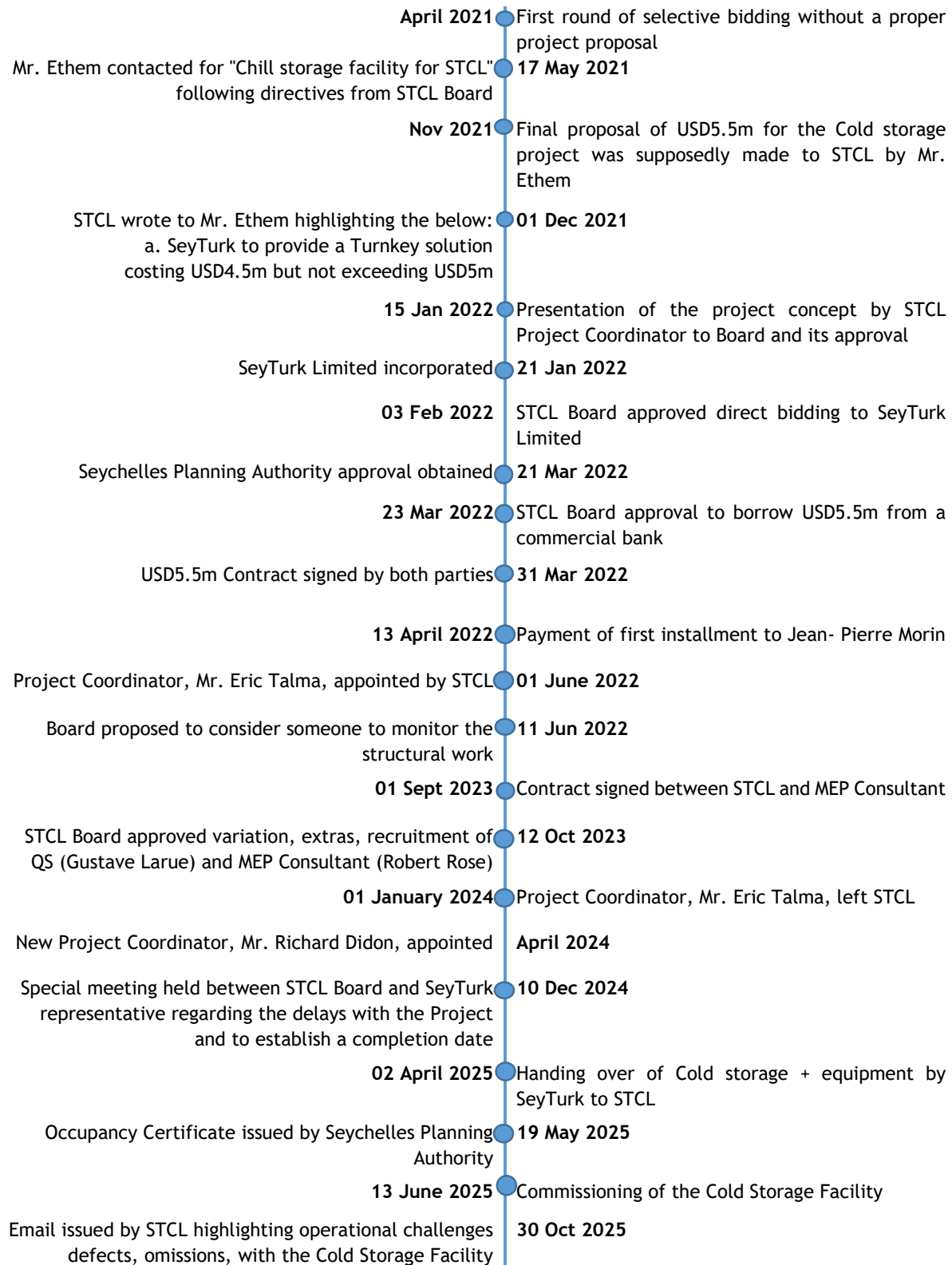
1.2.15. **Start Date:** The commencement date of the project is not clearly indicated in the contract. However, clause 2 (1) of the Contract dated 01st February 2022 states that a second payment of USD1.0M was to be paid upon commencement of excavation works for the foundation of the building no later than the third week of April 2022. Hence, for the purpose of this report, April 2022 has been taken as the commencement date.

1.2.16. **Scheduled Completion Date:** The project completion date is not clearly indicated in the Contract, though Clause 2 (8) of the Contract dated 01 February 2022 stipulates that the eighth instalment payment of USD0.5m was to be paid by the end of March 2023, as guarantee and trial period for the equipment. For the purpose of this report, Audit has taken 31 March 2023 as the original tentative project completion date. However, the cold storage facility was commissioned on 13 June 2025.

1.2.17. **Project financing:** STCL used its own funds for the project.

1.2.18. **Key events:** For the ease of reference, a summary of the key events relating to the project implementation is provided below.

1.4. Timeline of key events



PART TWO: Detailed Audit Findings

2.1.No proper project proposal

- 2.1.1 There was no documented project proposal or a documented needs assessment for the Cold Storage Facility prepared by STCL to clearly justify key elements of the project, such as, why it was needed, what would be built; in terms of storage size, facility workflow, how it would be built; in terms of structure, proposed funding plan and expected benefits. Additionally, there was no comparative analysis of alternative options, such as, a smaller facility, modular units or refurbishment or temporary or long-term renting at existing cold storage facilities locally.
- 2.1.2 Information and records provided by the STCL supporting the conceptualisation of this project were rather fragmented. These included a financial feasibility project report dated September 2021 which was undertaken by Mithuna Group of Companies, at the cost of Euro3,680, of which the usefulness or relevance to project implementation was doubtful. Another document sighted was an undated draft report prepared by GM-Projects providing estimate of the capacity requirement for the warehouse with a disclaimer note that it was *“to be utilized only for making a fair estimate of requirements and not to depend on this as a substitution for a detailed capacity planning analysis by a specialized warehouse and logistic professional with qualified architect and a cold room specialist.”* However, a final document relating to the capacity requirement analysis by relevant specialists in the field of cold storage was not sighted.
- 2.1.3 Therefore, it is doubtful as to whether STCL did undertake adequate studies of various options and in depth cost benefit analysis prior to undertaking the project.

2.2. Direct bidding without strong justification

- 2.2.1 The Board paper dated 03 February 2022 indicated that proposals received from two of the five selected suppliers in April 2021 did not include construction of a cold storage facility and thus the bidding process was annulled.
- 2.2.2 Months after, in September 2021, STCL explored the possibility of having a turnkey project, meaning that it would include construction of a cold storage facility, thus signaling a major

change in scope. This turnkey project was eventually awarded to a different supplier through direct bidding and without re-inviting quotations from the previous and/or other potential suppliers.

- 2.2.3 The rationale for the revised scope and opting for a direct bidding process was not adequately documented and justified by the STCL.
- 2.2.4 Lack of a clearly defined scope raises concerns over fairness and transparency in the procurement process. Moreover, the lack of competition and thus comparability in terms of costs and technical expertise of other potential bidders may have negatively impacted on project costs and value for money.

2.3. Inadequate due diligence by STCL

- 2.3.1 Audit did not find evidence of a due diligence process undertaken of the SeyTurk Limited prior to its direct bidding.
- 2.3.2 Board approval was sought through a paper dated 03.12.2022 for direct bidding on the basis of clause 4.8 of the STC's Procurement Policy¹ due to emergency and service continuity and to explore the possibility of having a turnkey project of the cold storage facility in September 2021. May see an extract of relevant pages of the procurement policy in **Annex 5**.
- 2.3.3 The Board paper also stated that STC approached one of its longtime perishable suppliers as a potential candidate, and one Mr. Ethem who had been supplying STC with perishables for over 10 years, proposed that his company could deliver a turnkey cold storage project within a span of 18 calendar months.
- 2.3.4 It is evident that STCL engaged with the prospective contractor (Mr.Ethem) without adequately assessing and documenting his and his company profiles including prior experience, technical and financial capabilities and his track record in handling temperature-controlled storage projects.

¹ "4.8 (b)- due to an emergency, there is urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved using those methods

4.8 (c)- additional goods, works or services must be procured from the same source because of the need for compatibility, standardization or continuity"

- 2.3.5 The best procurement practices require the client to perform appropriate due diligence before appointing a service provider, especially for specialized and critical services, such as, cold storage facilities.

2.4. SeyTurk Limited company registration

- 2.4.1 It is evident from the available information that at the time of initial discussions with Mr. Ethem in September 2021 and when the initial proposal was made to the STCL in November 2021 by the former, SeyTurk Limited had not yet been formally registered at the Registration Division. As per SeyTurk's Limited business registration certificate, the company was registered on 21 January 2022.

2.5. The project contract lacked clear provisions

- 2.5.1. The USD5.5m contract for the Cold Storage Facility project did not include clear project deliverables, duration and key contractual clauses.
- 2.5.2. Audit was provided with two contract agreements between STCL and SeyTurk Limited with one dated 01 February 2022 which was signed only by a SeyTurk Limited representative and the other contract dated 31 March 2022 signed by representatives from both STCL and SeyTurk Limited. The audit review of the two contracts revealed that the initial contract dated 01 February 2022 included dates for the project implementation whereas the contract dated 31 March 2022 did not. Thus, the signed contract agreement between the two parties did not include the project duration.
- 2.5.3. Regarding deliverables, key information relating to the agreed storage capacity/ facility size and agreed specifications of equipment to be installed in the cold storage facility was not provided in the Contract.
- 2.5.4. Furthermore, the key contractual clauses that would ideally be included in such a high investment contract were not ensured by the STCL, as the project owner, to protect its interests. For instance, as noted above, project duration was not indicated in the Contract. Other important clauses which were omitted from the Contract relate to penalty clauses, performance bond and an exclusive indemnity against any possible losses incurred by the STCL such as spoilage of inventory, resulting from construction and/or equipment defects,

given the specialized nature of the cold storage facility. Additionally, it would cover against potential loss of revenue or increased costs by the STCL in the event of project delays. In the absence of such a clause, STCL may find it difficult to claim for operational losses due to delayed project completion and defective equipment and/or non-delivery of certain items.

- 2.5.5. Review of Board minutes of meetings did not indicate any discussion, review, nor approval of the contractual terms including the inclusion of a defined completion date prior to the signing of the contract. According to minutes of Board meeting dated 15 January 2022, the Board agreed that an agreement be prepared following a presentation on the concept of the project by the Project Coordinator, Mr. Eric Talma, based on SeyTurk Limited's proposal. According to the same minutes of Board meeting, the DCEO added that the Cold Storage would be operational in March 2023.
- 2.5.6. Minutes of Board meeting held on 09 April 2022 stated that the contract had been signed and the contractor was awaiting its first installment of USD1.0m. However, Board minutes prior to this date did not reflect any discussion or approval of the contractual terms.

2.6. Contract sum (US\$5.5m) not supported by BOQs

- 2.6.1 Bill of Quantities (BOQ) ideally provides precision on the scope, quality and materials of the project and acts as a reference point to effectively manage a project. Audit noted that there were no BOQs prepared for the cold storage facility project defining the scope and quantities of work and specifications of materials and equipment.
- 2.6.2 The quotation from SeyTurk Limited, which was appended to the Contract, only included a list of works to be completed with lump sums quoted.
- 2.6.3 Given the specialized nature of such a project where compliance with industry-specific regulations relating to food safety and temperature control is critical, the failure to have the BOQs prepared and included in the contract elevated the financial and operational risks of STCL.
- 2.6.4 Moreover, the resolution of disagreements/disputes arising between the two parties, would prove to be difficult in the absence of specific costing of quantities of works and services.

2.7. Mode of Project financing not clearly established

- 2.7.1 Audit was informed by management that the Cold Storage Facility project was financed from STCL’s own reserve/funds. This was despite the Board paper dated 23 March 2022 approving a borrowing facility of USD5.5m from a commercial bank inclusive of two years’ moratorium period.
- 2.7.2 However, minutes of the meeting dated 16 July 2022 stated that Board agreed to consider the payment of the ‘second invoice’ through ‘own funds’ rather than drawing from the bank.
- 2.7.3 However, there was no clearly documented Board approval or resolution as to the approved financing arrangement for the entire project.

2.8. Significant Cost overruns

- 2.8.1 The total project cost surpassed its initial contract sum of USD5,5m by some USD2,149,341 (or 39%), ending at USD7,649,341 excluding 15% VAT. Including the VAT, the total project cost stands at US\$8.7m. A summary of all payments made to SeyTurk Limited in both Seychelles currency and USD inclusive and exclusive of VAT may be seen below.

Period	Payments made by STCL in USD		Payments made by STCL in SR	
	Excl. VAT	Incl. VAT	Excl. VAT	Incl. VAT
2022	3,000,000.00	3,450,000.00	43,206,600.00	49,687,590.00
2023	2,906,798.72	3,342,818.53	42,110,621.06	48,427,214.22
2024	1,138,041.58	1,308,747.81	16,742,086.26	19,253,399.20
2025	494,500.30	568,675.35	7,378,933.47	7,378,933.47
Balance due as at 31.12.2025	110,000.00	126,500.00	0.00	0.00
Total	7,649,340.60	8,796,741.69	109,438,240.79	124,747,136.89

- 2.8.2 The upward revision in costs include variations, extra works and a “force-majeure” claim aggregating to USD2,554,340. Variations and additional works to the original scope of works, as summarized below, totaled USD1,813,597 which were all settled in USD currency. Further, sums totaling SR3,362,271 (USD231,243 equivalent) were paid to the contractor in the Seychelles currency for additional works relating to drainage and parking bay. An additional sum of USD509,500 relating to force-majeure was settled by STCL based on a claim submitted by SeyTurk Limited. All variations and extra works and the force-majeure claim were approved by the STCL Board as per Board Paper dated 12th October 2023 and approval given through circulation on 11 April 2025 respectively.

Variations + additional works	Payments in USD (excl. VAT)	Payments in SR (excl. VAT)
Changes in design of foundations due to unforeseen site conditions	1,186,204.35	-
New rock armoring works along the seaside of the property	160,000.00	-
Reinforced concrete slabs for compressors	56,740.00	-
Galvanised steel racks for compressors	143,400.00	-
Revision in the capacity of compressors	195,593.00	-
Construction of PUC house	26,100.00	-
Food waste disposal systems	6,000.00	-
Regulators	39,560.00	-
Drainage and parking	-	3,362,271.15
Total	1,813,597.35	3,362,271.15

- 2.8.3 The revised sum of USD2.1m also reflects exclusion of two elements of the project, namely solar systems and generator at a total cost of USD405,000, as approved by the STCL.
- 2.8.4 Majority of payments relating to the project were settled in USD except for one payment relating to VAT and four payments relating to additional works which were settled in the local currency.
- 2.8.5 At the time of writing this report, a sum of USD110,000 was due to SeyTurk Limited, 2% of the original contract sum of USD5.5m, which is to be retained as per the contract between SeyTurk Limited and STCL.

2.9. Force-majeure claim questionable

- 2.9.1 The STCL, with the approval of the Board based on the recommendation of the investment and finance committee, settled a claim of USD509,500 equivalent to some SR7.6m to SeyTurk Limited on the basis of force majeure and in reference to clause 2 of the Contract.
- 2.9.2 Audit is of the view that there is no clear relevant provision in the contract between STCL and SeyTurk regarding such a claim, hence questionable in light of the contract.
- 2.9.3 Clause 2 of the Contract stipulates *“The parties hereby acknowledge that owing to price fluctuations on the market which are beyond their control, both parties hereby agree that prior to any changes in the prices, the contractor will consult and seek the Owner’s approval. Any variation should not exceed 10% of the installment as given in the below schedule.”*
- 2.9.4 STCL explained, in its reply of 11th March 2026, that this was a major dispute between STC and contractor, brought about by a difference in interpretation by both parties. A document was drafted by STC for the attention of the Board to explain this difference of interpretation

and finally in the interest of urgency to complete the project, because further disagreement would result in further delays in project completion, a decision was taken by the Board to accept the force majeure claim of USD509,500.

2.10. Advance payment not made to company bank account

- 2.10.1 As per the Contract, a first installment of USD1.0m was required to be paid to the contractor against all approved plans and drawings relating to the project as an advance payment for mobilization, logistics and part of imported materials.
- 2.10.2 The audit noted that the aforementioned amount, equivalent to SR14.3m (or 18%) of the contract sum, was paid on 13 April 2022, with the approval of the CEO, Siana Bistoquet, directly to one of the company director's personal bank account, Mr Morin, instead of an authorized bank account of the company, on the basis of invoice ST10001 from SeyTurk dated 06 April 2022.
- 2.10.3 This exposed the STCL to a large financial risk had the contractor defaulted its commitments under the contract.
- 2.10.4 All subsequent payments were noted to have been made into the bank accounts of SeyTurk Limited.

2.11. Payments not commensurate to work progress

- 2.11.1 Audit noted that the installment payments made to SeyTurk Limited were not fully aligned to the payment terms as per the signed contract, as detailed at **Annex 3**, yet they were approved for payment by relevant authority on the basis of Memos/ "Development Reports" submitted by the Project Coordinator and reports from the Quantity Surveyor. For instance, by 08 November 2022, USD3.0m (or 55%) of the original contract sum of USD5.5m had been made, at which stage, the provision as per the contract required that the third installment of USD1.0m be paid "*upon completion of the foundation of the building, certified by both parties' project coordinator and against other structural materials on site.*" Records reviewed, however, indicated that the foundation of the building had not been completed at the time that the third installment of USD1.0m was made.

- 2.11.2 The audit noted that certification of works done by the contractor was not being independently certified by a Quantity Surveyor prior to effecting payments but STCL management rather relied in most cases on the “Development Reports” produced by the Project Coordinator, Mr Talma, at the time.
- 2.11.3 Audit further noted that the retention fees were not being deducted systematically from successive payments made to the contractor, as provided at 2% in the contract. The invoices received from the contractor were being paid in full until the last invoice payment was settled. The retention sum was applied only after STCL agreed to pay the force-majeure claim in April 2025. This also signifies a weakness in the project monitoring whereby the contractual provisions regarding invoice payments were not fully adhered to.
- 2.11.4 Considering the large number of instances where the instalment payments for the project were made ahead of the payment schedule and did not match the actual progress, Audit is of the view that the ‘development reports’, which were used as a basis for releasing instalment payments, were skewed towards the contractor as the project coordinator himself, Mr Talma, joined the contractor at a later stage having left the STCL, indicating a potential conflict of interest.

2.12.Substantial advance payments for additional works

- 2.12.1 For the approved additional works amounting to USD1,813,597, which was not part of the original contract sum of USD5.5m, an advance payment equivalent to 50% of the sum was paid by STCL in three installments of USD118,278 (24th October 2023), USD434,783 (26th October 2023) and USD353,738 (02nd November 2023). The gross amounts were all paid in USD currency and the VAT component was paid in Seychelles rupees totaling SR2,006,292.
- 2.12.2 Audit is of the view that substantial advance payments exposed STCL to high financial risks in the event of the contractor defaulted in its contractual obligations.

2.13.Inadequate project planning and monitoring

- 2.13.1 Audit was informed that there was no formally established project committee or management team to oversee the project. Therefore, the roles and responsibilities relating to key project components, such as, designing, quantity surveying, engineering, electrical and installations were not clearly defined at the outset of the project to ensure that the project was implemented as planned, within budget and on time. Audit observed the following ad-hoc project monitoring efforts:
- 2.13.2 **Project coordinators:** The project was largely monitored/coordinated by one Mr. Eric Talma, who was employed by the STCL effective 1st June 2022 to oversee specific projects of the Company and reported directly to the CEO/DCEO. Audit noted that he was in employment with STCL until 01st January 2024 and resigned from the STCL. On resigning, he apparently joined the contractor SeyTurk Limited. Later he signed documents for and on behalf of SeyTurk relating to the project as evidenced by the handing over certificate dated 02 April 2025, which he signed as Architect of SeyTurk. On 02 April 2024, three months after Mr. Talma left, another Project Coordinator/manager, Mr. Richard Didon, was appointed, to oversee the project.
- 2.13.3 As per Board minutes of meeting dated 11 June 2022, over two months after the contract signing, the Board proposed to consider someone to monitor the structural work and to ensure a good, qualified and trustworthy refrigeration engineer to advise and oversee that nothing goes wrong with the project.
- 2.13.4 **Structural engineer:** Services of a structural engineer, Mr. Wilbert Herminie, was sought as evidenced from his first report dated 26 October 2022 with the subject “*Structural assessment report of the Cold Storage Warehouse for STC*”. The report concluded that the construction phase and procedure so far was according to the drawing and specification approved by the client and planning authority. All relevant tests and document had been sent to the Planning Authority prior to undertaking specific parts of the project, i.e. excavation, compaction, etc. The report also concluded that the project was behind schedule by two and a half months. Four other reports dated 30th October 2022, 05 January 2023, 26 January 2023 and 10 April 2023 were produced by the same engineer relating to structural assessment of the project. A final report dated 17 May 2024 was sighted from the same structural engineer in relation to structural assessment of the parking bay and retaining wall.

- 2.13.5 Audit, however, did not find a formal engagement letter, contract or agreed upon TOR with clearly spelt out payment terms between the structural engineer and STCL for providing his services.
- 2.13.6 **Consultancy services:** The mechanical, electrical and plumbing (MEP) was contracted out as of September 2023 to Mr. Robert Rose. His role included ensuring that the equipment is installed according to the agreed plan, ensuring that the installation process is executed in a timely, safe and cost-effective manner, compliance with environmental requirement and quality standards, weekly meetings with Engineer/ Site Manager ensuring that the project is on track and reporting to DCEO on progress of project status and any other critical issues arising. He was to liaise with PUC engineers, prepare relevant training plan for forklift truck operators and process workers and also liaise with the contractor for commissioning of the equipment plan. However, no documented progress reports were found in respect of the MEP consultancy services delivered.
- 2.13.7 **Quantity Surveying:** Board approved the services of a Quantity Surveyor on 12 October 2023 and engaged one Mr. Gustave Larue for the same. However, there was no specific contract or agreed upon engagement letter spelling out the terms and conditions of service and payments made between STCL and the quantity surveyor.
- 2.13.8 In line with best practice, Audit is of the view that such a significant and specialized nature capital investment project could have been better managed through a formal, high level project management structure established at the outset of the project planning ensuring clear roles and responsibilities for consistent monitoring and reporting on the project progress.
- 2.13.9 The STCL management stated, in reply, that it had limited access on project site and consequently, it was unable to conduct proper monitoring and management activities on site despite the fact that it was supposed to be a turnkey project.

2.14. Project documentation not properly maintained

- 2.14.1 Audit noted that project records for the cold storage facility project were not maintained in a single folder or location but rather fragmented.
- 2.14.2 Unnecessary time had to be spent by the audit team to go through various folders, often coming across multiple copies of the same document, to be able to establish the record of

events such as decisions, approvals and changes throughout project implementation. Payment records were separately filed at the Finance Section and copies of payment records were not filed along with the project records.

- 2.14.3 It was also noted that STCL did not have a copy of the electrical drawings and technical plans three months after the project was operational. This not only shows deficiency in project documentation by STCL but also a lack in enforcing the provisions of the Contract. Clause 8 of the Contract stipulates that *“Contractor shall maintain in a safe place at the Property one record copy of all drawings, specifications, addenda, written amendments, and the like in good order and annotated to show all changes made during construction, which will be delivered to Owner upon completion of the Work. Owner shall have the right to inspect and review such documents upon notice to Contractor.”*

2.15. Project completion delayed by two years

- 2.15.1 Audit noted that the handing over of equipment for the cold storage facility project was done on 2nd April 2025. If the project was originally meant to complete in March 2023 as per the dates mentioned in the contract dated 01st February 2022, this indicates delays of around two years.
- 2.15.2 Clause 2 (1) of the Contract dated 01st February 2022 stated that a second payment of USD1.0m was to be paid upon commencement of excavation works for the foundation of the building no later than the third week of April 2022. Thus, for the purpose of this report, April 2022 has been taken as the project commencement date.
- 2.15.3 Based on the records reviewed, excavation works started on 11 July 2022, indicating delays of around three months in project commencement.
- 2.15.4 Clause 2 (8) of the Contract dated 01 February 2022 stipulated that the eighth instalment payment of USD0.5m was to be paid by the end of March 2023, as guarantee and trial period for the equipment. Hence, Audit has taken 31 March 2023 as the tentative project completion date set at the outset of the implementation.
- 2.15.5 Audit also noted that the final payment relating to the revised contract, excluding the force majeure claim, was made since 24 October 2024, whereas the handover of equipment was done in April 2025.

2.16. Outstanding issues following project commissioning

- 2.16.1 The commissioning of the cold storage facility was performed on 13 June 2025. Three months later, STCL issued an email, dated 30 October 2025, addressed to the Company Secretary and two of the Directors of SeyTurk Limited highlighting various issues with the performance of the cold storage facility, namely (a) product quality concerns indicating that temperature and humidity controls are not achieving the required conditions, (b) storage limitations in that the stocking capacity is not meeting the design expectations and is proving inadequate for operational requirements, (c) persistent technical problems with the forklift, (d) electrical drawings and detailed technical plans not provided, (e) non-inclusion of racking system in the cold rooms and (f) fans malfunctioning in two units.
- 2.16.2 As a result of malfunctioning of the lighting system in Chiller 5, STCL had to dispose, via dumping at the landfill, of several tonnes of sprouted onions. From the records verified, 74,060 kg/ 74 tonnes of onions were certified as unfit for human consumption by the Public Health Authority on 17th November 2025 and based on STCL's records, the company incurred a loss of SR706,176 relating to purchase of these onions and disposal-related costs totaling SR624,461 and SR81,715 respectively.
- 2.16.3 Additionally, as a result of the issue of racking systems not delivered as per contract, Audit was informed that STCL had to rent steel cages from a private company at Euro1 per cage per day for use at the new cold storage facility. Furthermore, to avoid future rental charges, STCL procured its own steel cages.
- 2.16.4 Audit conducted a site visit of the Cold Storage Facility on 04th February 2026 and was informed that a forklift remained non-operational since the commissioning of the Facility. Additionally, Audit was informed that STCL was already making use of its own steel cages but was also still renting steel cages from the private company in view that the amount of cages procured by STCL are at the moment insufficient to meet peak operational demand following the commissioning of the facility.
- 2.16.5 The actual costs incurred by STCL for the rental charges and procurement of its own steel cages are not known as relevant payment records were pending from STCL at the time of this report.

- 2.16.6 The SeyTurk responded in December 2025 to the issues raised in the STCL email alleging lapses in operational practices at the Loading Bay, Storage Area, Preparation Area, Cold Rooms and Freezer Rooms as reported in a technical assessment which was conducted by a Refrigeration & Cold Storage Engineer. This assessment report concluded that approximately 80% of the issues affecting the STC Cold Storage Facility are the result of human error and non-compliance with correct operational procedures. In this light, SeyTurk stated that based on the findings of the assessment, it cannot assume responsibility for product-loss claims arising from operational handling and also that no system failures were identified. Drawings, technical documentation and fans were concluded as rectified. Regarding the forklift, SeyTurk noted that it had already raised this matter with the supplier and it will be resolved in due course.
- 2.16.7 Based on SeyTurk's response, Audit further noted that STCL had paid SeyTurk Limited the contract sum and additional costs without ensuring complete delivery of the necessary equipment at the time of project commissioning. Racking system, bandsaw and meat mincer were noted as outstanding equipment with expected arrival early 2026.
- 2.16.8 Having a list of all the necessary equipment including the agreed specifications and corresponding prices in the contract between STCL and SeyTurk Limited could have enabled STCL to easily track the same and ensure that corresponding payments were withheld until such time the equipment was delivered.
- 2.16.9 As of 09 February 2026, STCL management stated that SeyTurk has still not addressed certain key issues included in the email and further stated that STC has no clear indication on the estimated time of arrival of the outstanding items. Hence, the matter has been taken up with the legal advisor.
- 2.16.10 According to the DCEO, delivery of the outstanding items, of which STCL has not prepared a complete list, is still outstanding as of 12 March 2026.

2.17. STCL's financial performance 2021-2024

- 2.17.1 Audit performed a comparative analysis of the STCL's audited financial statements for the period 2021 to 2024 as summarized in the table below.
- 2.17.2 It is evident from the analysis that income, gross profits, operating profits and the profit before tax have been rapidly declining from 2022 to 2024 while the total expenditure have been rising steadily for the same period. Similarly, the cash and cash equivalent balance has been declining over the same period from SR81.0m in 2022 to 76.1m in 2023 and SR 42.2m in 2024.
- 2.17.3 At the time of the report, the 2025 audited financial statements were yet to be made available hence a better analysis could not be performed with a view to ascertain the reasons for declining trends in revenue, profits and the yearend cash position.

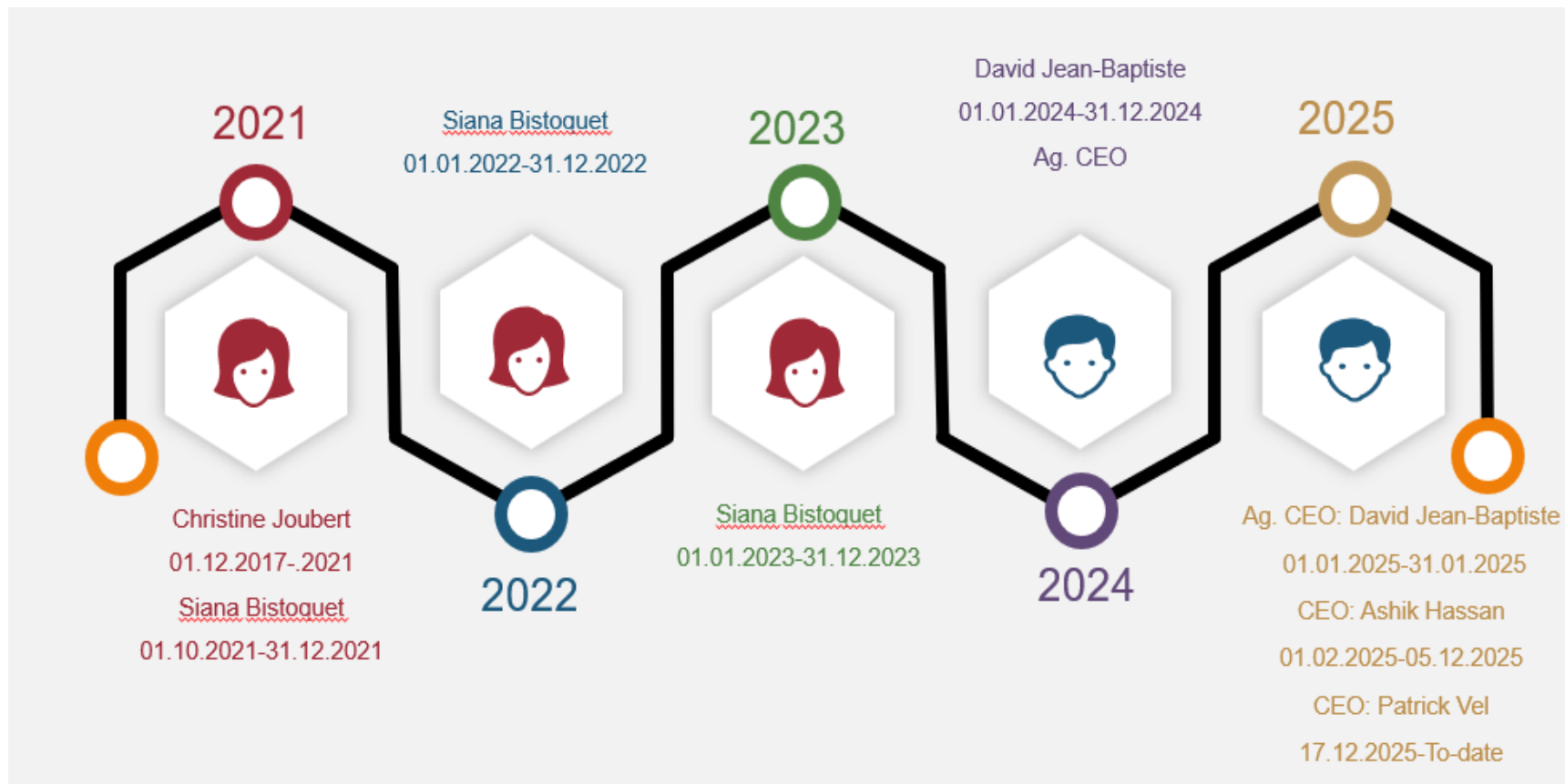
	2021	2022	2023	2024
Revenue	990,786,228	1,087,083,622	1,030,727,027	1,008,328,752
Cost of Sales	-804,502,479	-800,723,622	-741,768,610	-740,141,430
Gross Profit	186,283,749	286,360,000	288,958,417	268,187,322
Other Income	2,590,188	4,765,900	3,513,555	3,165,955
Provision for credit impairment	-615,604	-511,282	-1,002,173	-1,136,249
Bank charges and Commissions	-6,467,858	-6,947,331	-6,633,301	-6,774,123
Cleaning expenses	-2,347,905	-1,756,089	-2,029,657	-2,285,455
Communication, printing and stationery	-4,357,261	-4,081,343	-4,498,966	-4,538,006
Depreciation and amortisation	-15,343,960	-9,622,823	-10,288,396	-12,848,176
Licenses and insurance	-1,873,758	-1,896,850	-2,097,613	-2,553,383
Other administrative expenses	-5,083,505	-8,833,823	-13,190,725	-14,079,485
Rental expenses	-11,069,312	-12,775,455	-18,164,220	-14,919,476
Repairs and maintenance	-9,385,342	-9,575,149	-7,762,561	-8,442,605
Staff costs	-111,471,850	-123,641,725	-135,896,405	-141,512,318
Transport, travelling and fuel expenses	-6,474,466	-9,663,957	-10,434,195	-11,545,190
Utilities	-27,541,467	-30,270,936	-32,818,760	-34,359,030
Total Expenditure	-202,032,288	-219,576,763	-244,816,972	-254,993,496
Operating profit	-13,158,351	71,549,137	47,655,000	16,359,781
Net finance income	23,799,495	16,534,062	13,298,439	6,273,126
Exceptional items				
Unpaid taxes and duties	0	0	0	-5,065,954
Profit before tax	10,641,144	88,083,200	60,953,439	17,566,953
Tax credit/(expense)	-8,191,875	-22,018,722	-1,268,476	1,916,858
Profit for the year	2,449,269	66,064,478	59,684,963	19,483,811

ANNEXURES

Annex 1: STCL Board of Directors 2021-2025

Name	Title	Start Date	End Date
Mr. Imtiaz Umarji	Chairperson	01.02.2021	15.12.2025
Mr. Gerard Adam	Vice-Chairperson	01.10.2017	14.12.2025
Mr. Ashik Hassan	Member	01.10.2017	14.08.2025
Mr. Jamshed Pardiwalla	Member	01.02.2021	20.07.2024
Mr. Gerard Adam	Member	01.02.2021	19.07.2024
Ms. Siana Bistoquet	Member	01.02.2021	30.09.2021
Mr. Francis Lebon	Member	01.02.2024	14.12.2025
Ms. Michelle Marguerite	Member	01.02.2024	14.12.2025
Mr. James Elizabeth	Member	01.04.2024	14.12.2025
Ms. Astride Tamatave	Member	01.02.2021	14.12.2028
Mr. Daniel Hoareau	Member	01.02.2024	14.12.2028
Ms. Margaret Moumou	Member	01.02.2024	14.12.2028
Mr. Ricky Barbe	Member	15.08.2025	14.12.2028

Annex 2: STCL's CEOs/ Acting CEOs 2021-2025



Annex 3: Summary of payments to SeyTurk Limited vs contractual provisions

Contract terms & conditions	Original contract sum in USD	Amount paid by STCL (USD) excl. VAT	Payment date	Cumulative payments in USD	Were all contract conditions met before making payments?	Audit comments	Source
A first installments of One Million United States Dollars (USD1,000,000.00) against all approved plans and drawings relating to the project, from the Seychelles Planning Authority as advance payment for mobilization, logistics and part of imported materials.	1,000,000	1,000,000	13th April 2022	1,000,000	No	As per Development/ Progress Report dated 12th July 2022, mention was made to a meeting whereby it was noted that "SeyTurk is to supply STC with the <u>MEP Engineering drawings</u> and a new updated Program of works for the above-mentioned project in the next two weeks. The MEP engineering drawings will have to consist of Mechanical, Electrical, Plumbing, Photo-Voltaic Application, Generator Application, and most importantly the refrigeration elements." This therefore shows that not all the relevant approved drawings relating to the project were provided prior to making the advance payment. Payment approved by CEO, Siana Bistoquet, on 11.04.2022.	Development/ Progress Report dated 12th July 2022 produced by Mr. Eric Talma-Project Coordinator SeyTurk invoice no. 10001
A Second installments of One Million United States Dollars (USD1,000,000.00), to be paid upon commencement of works for the foundation of the building and upon producing copies of shipment documents for part of materials for said project and certified by both parties' project coordinator.	1,000,000	1,000,000	15th July 2022	2,000,000	No	As per Development/ Progress Report dated 13th July 2022, it was reported that commencement of excavation works for the foundation of the building had started since 11th July. Thus, this condition was met. However, Audit did not sight any evidence of the production of copies of shipment documents for part of the materials relating to the project which had been certified by both parties to the project, in the absence of which Audit cannot confirm whether the full contract conditions were met prior to making the payment. Payment approved by CEO, Siana Bistoquet, on 13.07.2022, based on DCEO's, David Jean-Baptiste, recommendation on 13.07.2022 which was based on Project Coordinator's report of 13.07.2022.	Development/ Progress Report dated 13th July 2022 produced by Mr. Eric Talma-Project Coordinator SeyTurk invoice no. 10002
						<i>Structural assessment Report dated 26th October 2022 from Structural Engineer, Mr. Wilbert Herminie to the attention of Mr. Eric Talma.</i>	
A Third installment of One Million United States Dollars (USD1,000,000.00), upon completion of the foundation of the building, certified by both parties' project coordinator and against other structural materials on site.	1,000,000	1,000,000	08th November 2022	3,000,000	No	Based on the Structural Engineer's progress report dated 30th October 2022, it was stated that site visits were carried out every two days during the month of November to capture and document the work progress in view that the <u>steel fixing part of the foundation work</u> is one of the most technical components of the construction process for the cold storage warehouse. It was reported that the steel fixing work has been progressing at a steady rate in line with the programme of work provided by the contractor and workmanship and quality of work was to a high standard and work was done according to the approved plan by SPA. Hence, based on the abovementioned report, the foundation work of the building was still in progress by 08 th November 2022. Based on another structural assessment report dated 05 th January 2023, concrete work was completed on 24 th December and as per report dated 26 th January 2023, the structural engineer confirmed that the foundation is to the required standard and fit for purpose in view that it was well	Progress Reports by Mr. Wilbert Herminie dated 30 th October 2022, 08 th November 2022, 5 th January 2023 and 26 th January 2023. SeyTurk invoice no. 10004

Cold Storage Facility Project

Contract terms & conditions	Original contract sum in USD	Amount paid by STCL (USD) excl. VAT	Payment date	Cumulative payments in USD	Were all contract conditions met before making payments?	Audit comments	Source
						<p>above the design strength. Additionally, as per invoice no. 10004 from SeyTurk dated 24th October 2022, particulars against which payment was being claimed was as follows "<i>Completion of the foundation of the building will be in 6 weeks' time, certified by both parties' project coordinator, and against documents for the construction materials and equipment for the warehouse and cold storage.</i>" This therefore shows that the foundation of the building had not been completed at the time that the third installment of USD 1m was made.</p> <p>Payment approved on instruction of CEO, Siana Bistoquet, on 05.11.2022 based on Chairman's approval of 03.11.2022.</p>	
A Fourth installment of Five Hundred Thousand United States Dollars only (USD 500,000.00), upon completion of the warehouse panel and cold storage equipment and certified by both parties' project coordinator.	500,000	500,000	27th January 2023	3,500,000	No	<p>As per invoice no.10005 particulars, payment request from SeyTurk was indicated as "<i>fourth installment of payment upon completion of warehouse steel construction.</i>" which differs to the contract terms. Additionally, based on the Project Coordinator's recommendation for payment, it was stated that "<i>the steel superstructure works is scheduled to finish this weekend as per program. The Project is on track.</i>" This therefore shows that the steel structure had not yet been completed at the time of recommending and approving for payment.</p> <p>Furthermore, certification of completion of the structural works was indicated as per the Structural Engineer's report dated 10th April 2023 which is more than two months after the fourth instalment payment was made.</p> <p>Payment approved by CEO, Siana Bistoquet, on 27.01.2023 based on Project Coordinator's recommendation of 27.01.2023.</p>	<p>Progress Reports by Mr. Wilbert Herminie dated 26th January 2023 and 10th April 2023.</p> <p>SeyTurk invoice no. 10005.</p>
A Fifth installments of Five Hundred Thousand United States Dollars only (USD 500,000.00), upon completion of PV installation and racking system and certified by both parties' project coordinator.	500,000	250,000	01st March 2023	3,750,000	No	<p>As per invoice no.10006 particulars, payment request from SeyTurk was indicated as "<i>fifth installment of payment upon completion of warehouse steel construction.</i>" which differs to the contract terms. Reference to the contract clause based on the recommendation from the Project Coordinator was also incorrect which referred to the details of the fourth installment and not the fifth. Eventually, STCL approved to pay 50% of the amount invoiced on 1st March 2023.</p> <p>Payment approved by CEO, Siana Bistoquet, on 01.03.2023 based on DCEO's, David Jean-Baptiste, recommendation on 01.03.2023 and Project Coordinator's request of 28.02.2023.</p>	Internal Memo from Project Coordinator dated 28 th February 2023.
						<p>Same as above. Approval by the Project Coordinator was on the basis that the insulated wall panels had been installed on the exterior of the building, therefore justifying the release of the second half of the payment due on invoice no. 10006.</p> <p>Payment approved by CEO, Siana Bistoquet, on 05.05.2023 based on Project Coordinator's request of 05.05.2023.</p>	
	250,000	05th May 2023	4,000,000	No	<p>Approval of 50% of payment by the Project Coordinator was on the basis that the interior panels had not been entirely installed though the materials were on site and ready for execution. No reference was made to electrical and</p>		
A Six installments payment of Five Hundred Thousand United States Dollars only (USD 500,000.00), upon completion of all external works,	500,000	250,000	05th May 2023	4,250,000	No	<p>Approval of 50% of payment by the Project Coordinator was on the basis that the interior panels had not been entirely installed though the materials were on site and ready for execution. No reference was made to electrical and</p>	

Cold Storage Facility Project

Contract terms & conditions	Original contract sum in USD	Amount paid by STCL (USD) excl. VAT	Payment date	Cumulative payments in USD	Were all contract conditions met before making payments?	Audit comments	Source
electrical and Plumbing and certified by both parties' project coordinator.		250,000	07th June 2023	4,500,000	No	plumbing works. This therefore shows that the relevant works had not been completed prior to recommending and approving the payment.	
						Payment approved by CEO, Siana Bistoquet, on 05.05.2023 based on Project Coordinator's request of 05.05.2023.	
						Early payment was justified by the Project Coordinator on the basis of inflation level and the contractor having to compensate for same their own expense.	
						Payment approved by CEO, Siana Bistoquet, on 05.06.2023 based on Project Coordinator's request of 19.05.2023.	
A Seventh installment of Eight Hundred and Ninety Thousand United States Dollars only (USD890,000.00), upon completion of the entire project and commissioning including handing over of all equipment, fixtures and fitting as per attached list and certificate of occupancy from Seychelles Planning Authority.	890,000	500,000	04th August 2023	5,000,000	No	This relates to a partial payment relating to the seventh installment. Handing over certificate was only dated 02 nd April 2025. This therefore shows that the relevant works had not been completed prior to recommending and approving the payment.	Invoice no. ST00001
						Payment approved by CEO, Siana Bistoquet, on 03.08.2023 based on DCEO's recommendation of 03.08.2023.	
		118,278	24th October 2023	5,118,278	Relates to an advance payment of 50% payment of the quotation relating to additional works totaling USD1,813,597.44, hence not part of the original contract.	The VAT component in the sum of USD136,019.85 was effected in SR/local currency at SR2,006,292.20.	Invoice no. ST00002.
		434,783	26th October 2023	5,553,061			
		353,738	02nd November 2023	5,906,799			
						<i>Project Coordinator left STCL on 1st January 2024.</i>	
		453,399	24th January 2024	6,360,198	Relates to 25% payment of the quotation of USD1,813,597.44 relating to additional works, hence not part of the original contract.	Based on the QS report dated 18 th January 2024, it was recommended for 25% of the agreed sum to be disbursed. Thus, reflecting that 75% payment was made against 50% work completion, which according to the QS report was based on terms and conditions of payment set out by the Contractor upon submission and approval of their quotation.	QS Report dated 18 th January 2024 by Quantity Surveyor-Gustave L Larue.
						Payment approved by Acting CEO, David Jean-Baptiste, on 23.01.2024 based on approval of the Chairman.	Invoice no. ST00002.
		453,399	24th October 2024	6,813,597	Relates to the final 25% payment of the quotation of USD1,813,597.44 relating to variation, hence not part of the original contract.	Final payment was recommended based on the Quantity Surveyor's report dated 17 th October 2024. However, it is to be noted that the report stated that <u>almost</u> 100% of the additional works had been carried out.	Invoice no. ST00004.
						Payment approval conveyed by Acting CEO, David Jean-Baptiste, on 22.10.2024 based on approval of the IFC Committee of the Board.	
		395,600	11th April 2025	7,209,198	Force majeure claim not stipulated in the Contract	Payment approved by the Board through request from CEO, Ashik Hassan, of 07 th April 2025.	
		98,900	27th May 2025	7,308,098	Final payment on the above claim	Payment approved by CEO, Ashik Hassan, on 26.05.2025 based on recommendation from DCEO, David Jean-Baptiste and Project Coordinator, Richard Didon, of 26.05.2025.	

Contract terms & conditions	Original contract sum in USD	Amount paid by STCL (USD) excl. VAT	Payment date	Cumulative payments in USD	Were all contract conditions met before making payments?	Audit comments	Source
An Eighth and final installment of Hundred and Ten Thousand United States Dollars only (USD 110,000), equivalent to 2% of the contract sum to be retained as retention in the event that there is any defect of equivalent and poor workmanship, for a period of six (06) month upon completion and handing over.	110,000						
Totals excluding balance of USD110,000 (excluding extra works for drainage & parking which were paid in local currency and excluded on SeyTurk Limited's Statement of Account)	5,500,000	7,308,098	-	7,308,098			
Extra works for drainage & parking equivalent in USD (Note: this payment was excluded from SeyTurk Limited's Statement of Account- Annex 4)		231,243					
Balance of USD110,000		110,000					
Total project cost including balance of USD110,000 + extras for drainage and parking paid in local currency	5,500,000	7,649,341					

Annex 4: Management response to audit comments and findings

Deputy Chief Executive Officer forwarded the following comments (in black) on 12.02.2026 via email in which he requested audit to use this version

Audit action is indicated (in red) below each management comment for clarity

Preliminary audit findings (in blue)

- **Page 2 (section 2.1)**

“The project lacked a proper project proposal by STCL including needs analysis, options appraisal, and cost–benefit assessment.”

There was a capacity planning analysis conducted prior to initiation of the project in mid-2021 by Mr. Patrick Thomas (Former GM Project STC). From the document, it was concluded that STC require a new cold storage for more efficiency.

Report updated, refer to para 2.1.2 on page 10

- **Page 3 (section 2.7)**

“Some payments made did not meet the payment terms as per the signed contract (between STCL and SeyTurk Limited) and were not being certified by an independent and specialized Quantity Surveyor.”

QS (AQS – Mr. Gustave Larue) was appointed in late 2023. This information is missing in the timeline.

Report updated in para 2.13.7 on page 9 and 18

- **Page 5 (section 3.1)**

“Despite the substantial investment and strategic importance of the Cold Storage Facility Project, STCL did not adequately plan and manage the project. Consequently, the project resulted in lengthy time overruns, substantial cost overruns and incurring avoidable costs. “

The project was supposed to be a turnkey project and the limited access of STC personnel to the site, resulted in the inability of STC to conduct proper site monitoring and management.

Report updated in para 2.13.9 on page 19

- **Page 5 (section 3.3)**

“A number of items which should have been delivered by the contractor prior to commissioning of the facility are still outstanding with their arrival is expected in early 2026.”

Till date STC has no clear indication on the ETA of the outstanding items. Matter has been taken up with our Legal advisor.

Report updated in para 3.1.8 on page 23

- **Page 6 (section 1.2.2)**

“An initial meeting was held with the STCL’s Deputy Chief Executive Officer (DCEO) on 05th December 2025. “

New Project Manager was also present. He was appointed in April 2024. Missing in timeline.

Report updated in para 1.2.2, page 6

- **Page 18 (section 2.13.7)**

“Quantity Surveying: Board approved the services of a Quantity Surveyor on 12 October 2023 and engaged one Mr. Gustave Larue for the same. However, there was no specific contract or agreed

upon engagement letter spelling out the terms and conditions of service and payments made between STCL and the quantity surveyor.”

There was a scope agreed between STC and Quantity Surveyor. Email attached.

No change in the report as the comment does not address the issue raised, refer to para 2.13.7, page 18

- **Page 22 (section 3.1.3)**

“As a result of the temperature and humidity controls not achieving the required conditions, STCL disposed, via dumping at the landfill, several tonnes of sprouted onions. From the records verified, 74,060 kg/ 74 tonnes of onions were certified as unfit for human consumption by the Public Health Authority on 17th November 2025 and based on STCL’s records, the company incurred a loss of SR706,176 relating to purchase of these onions and disposal-related costs totaling SR624,461 and SR81,715 respectively.”

With reference to the statement that *“as a result of the temperature and humidity controls not achieving the required conditions...”*, kindly note:

The sprouting of the onions was not attributable to failure of temperature or humidity controls within the cold storage facility. At all relevant times, the temperature and humidity parameters were operating within the required ranges.

The root cause of the sprouting was traced to a malfunction in the lighting system in Chiller 5. Specifically, the automatic light shut-off mechanism was not functioning as intended, resulting in prolonged exposure of the stored onions to artificial light. This extended exposure accelerated the sprouting process.

It is therefore important to distinguish that the issue arose from a lighting control malfunction rather than from deficiencies in temperature or humidity regulation. This was communicated to the external audit team.

Report updated in para 3.1.2, page 22

- **Page 22 (section 3.1.3)**

“Additionally, as a result of the issue of racking systems not delivered as per contract, Audit was informed that STCL had to rent steel cages from a private company at Euro1 per cage per day for use at the new cold storage facility. Furthermore, to avoid future rental charges, STCL procured its own steel cages.”

Ayiel to confirm the rental price.

No change in para 3.1.3 as the rental prices were not provided to audit.

- **Page 22 (section 3.1.4)**

“Audit conducted a site visit of the Cold Storage Facility on 04th February 2026 and was informed that a forklift remained non-operational since the commissioning of the Facility. Additionally, Audit was informed that STCL was already making use of its own steel cages but was also still renting steel cages from the private company in view that the cages procured by STCL are at the moment inadequate to meet its needs.”

With reference to the statement in the preliminary report that *“the cages procured by STCL are at the moment inadequate to meet its needs,”* we would like to provide clarification.

The steel cages procured by STC are operational and fit for purpose. They are not inadequate in specification, quality, or suitability. However, the current quantity available is not yet sufficient to fully meet peak operational demand following the commissioning of the facility.

Additional cages are already planned for procurement to gradually align capacity with current and projected throughput levels. The temporary rental arrangement remains a transitional operational measure to ensure uninterrupted service and operational continuity.

We kindly request that the wording be amended accordingly to reflect that the matter relates to quantity sufficiency rather than inadequacy of the procured cages.

Report updated with the word 'insufficient' in para 3.1.4, page 22

- **Page 22/23 (section 3.1.6)**

“The SeyTurk responded in December 2025 to the issues raised in the STCL email alleging lapses in operational practices at the Loading Bay, Storage Area, Preparation Area, Cold Rooms and Freezer Rooms as reported in a technical assessment which was conducted by a Refrigeration & Cold Storage Engineer. This assessment report concluded that approximately 80% of the issues affecting the STC Cold Storage Facility are the result of human error and non-compliance with correct operational procedures. In this light, SeyTurk stated that based on the findings of the assessment, it cannot assume responsibility for product-loss claims arising from operational handling and also that no system failures were identified. Drawings, technical documentation and fans were concluded as rectified. Regarding the forklift, SeyTurk noted that it had already raised this matter with the supplier and it will be resolved in due course. “

As at date, Seyturk has still not addressed certain key issues from the email sent. STC is currently taking up this matter with its lawyer.

Report updated in para 3.1.8, page 23

Annex 5: Extract of relevant pages (21 and 42) from the procurement policy

4.8. Direct Bidding

The objective of direct bidding is to achieve timely and efficient procurement, where the circumstances or value do not justify or permit the use of competition.

Direct bidding may be used where:

- (a) the goods, works or consultancy or non-consultancy services are available only from a single source and no reasonable alternative or substitute exists;
- (b) due to an emergency, there is urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved in using those methods;
- (c) additional goods, works or services must be procured from the same source because of the need for compatibility, standardisation or continuity;
- (d) an existing contract could be extended for additional goods, works or services of a similar nature and no advantage could be obtained by further competition; or
- (e) the estimated value of the goods, works or services do not exceed the procurement thresholds set out in Schedule 1.

4.9 Request for sealed quotation

A request for sealed quotations method shall only be used for the procurement of:

- (a) readily available commercially standard goods not specially manufactured to the particular specifications of the public body;
- (b) small works; or
- (c) other small services.

Sealed quotations shall be requested in writing from not less than three bidders, except where the item in question is not available from three suppliers.

The request shall contain a clear statement of the requirements of the Company as to quality, quantity, terms and time of delivery and other special requirements, together with such other information as may be prescribed.

Each bidder may submit one sealed quotation, which shall not be altered or negotiated.

4.10 Emergency procurement

The Procurement Unit may purchase goods, services or works from a single supplier without competition in cases of extreme urgency.

The scope of an emergency procurement shall as far as possible be limited to the period of emergency, so that appropriate competitive procurement methods may be utilised at the conclusion of the emergency period.

11 SCHEDULE 1

PROCUREMENT THRESHOLDS

Procurement of Goods and Services

COLUMN 1	COLUMN 2
Thresholds	Approval Procedures
Not exceeding R100,000	Approval is given by a chief executive officer
Exceeding R100,000 but not exceeding SRS00,000	Approval is given by a Procurement Committee
Exceeding SRS00,000	Approval is given by Board

Approval Process (2)

Procurement of Works

COLUMN 1	COLUMN2
Thresholds	Approval Procedures
Not exceeding R150,000	Approval is given by a chief executive officer
Exceeding R1 50,000 but not exceeding SR750,000	Approval is given by a Procurement Committee
Exceeding SR750,000	Approval is given by Board

Approval Process (3)

Procurement of Consultancy Services

COLUMN 1	COLUMN2
Thresholds	Approval Procedures
Not exceeding RS0,000	Approval is given by a chief executive officer
Exceeding RS0,000 but not exceeding SR150,000	Approval is given by a Procurement Committee
Exceeding SR150,000	Approval is given by Board